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**THE RISE OF ECONOMIC PRAGMATISM IN CARIBBEAN STATES'
RELATIONS WITH CHINA (2005-2015)**

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**Thesis submitted in partial fulfilment of the requirements for the
Degree of Doctor of Philosophy in Politics and International Studies**

The University of Warwick, Department of Politics and International Studies

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List of Acronyms

CARICOM- Caribbean Community
CELAC- Community of Latin American and Caribbean States
CDB-Caribbean Development Bank
EC-Eastern Caribbean
EU-European Union
FPA-Foreign Policy Analysis
FDI- Foreign Direct Investment
IADB- Inter-American Development Bank
IFI- International Financial Institution
LAC- Latin America and the Caribbean
NAM- Non-Aligned Movement
NCR-Neo Classical Realism
ODA- Official Development Assistance
ODI- Outward Direct Investments
OECS- Organisation of Eastern Caribbean States
SOE- China's State Owned Enterprise
US-United States of America
UK-United Kingdom of Great Britain
UN-United Nations
WTO- World Trade Organisation

Map 1: The Americas Hemisphere



Source: 1990's CIA Political Map of the Americas Hemisphere

Map 2: The Caribbean Region



Source: <https://www.nationsonline.org/oneworld/map/Caribbean-political-map.htm>

Map 3: The Caribbean Sea and Global Maritime Routes



Source: University of Texas Legacy Library, Perry Castaneda Library Map Collection

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Declaration

I declare that this thesis has been entirely my own work and follows the guidelines provided in the Guide to Examinations for Higher Degrees of Research of the University of Warwick. The dissertation has not been submitted for a degree at another university and any errors within are entirely my own.

Abstract

While the existing scholarship has focused on China's rise within developing states of the Americas hemisphere, less obvious in the narrative are the perspectives of Latin America or Caribbean states in relations with China. Within the Sino- Latin American literature, much of the discourse has been preoccupied with China's motives and the US and China nexus within the region, while also largely omitting Caribbean states in the discussions. These underlying deficiencies in the literature point to critical missing links in the discourse on China's rise in the region. Thus, highlighting substantial knowledge gaps in the Sino-Latin America Caribbean literature.

The thesis aims to analyse Caribbean states relations with China. The thesis specifically interrogates the extent to which the Caribbean region's geopolitical structure, policymaking, economic considerations and perceptions have influenced the region's foreign policy towards China. It examines how and why this confluence of political and economic factors are key to explaining the patterns of continuity and change in Caribbean states relations with China. It also concomitantly emphasises the primacy of particular variables in influencing the region's relationship with China. The evaluation is undertaken primarily from the standpoint of Caribbean states. Investigating relations from the vantage point of secondary states provide a means of advancing knowledge beyond the more established, yet invariably narrow conceptualisations of China's rise in the region. In doing so, valid and reliable assessments of China's relations with the region can also emerge.

The thesis argues that Caribbean states have formulated relatively autonomous spaces for foreign policy decision-making regarding China based on economic interests, whilst simultaneously acting within the broader construct of a specific systemic environment relating to the US role in the region, and embedded perceptions of the region's evolving ties with China. The thesis explores this overarching argument through the lens of Neo-Classical Realism theory and Foreign Policy Analysis. These conceptual frameworks combined, emphasise the salience of structural, ideational, and domestic variables in shaping foreign policy behavior. The research proposes a multi-causal yet targeted approach to evaluating the Caribbean region's relationship with China. Thus, unit level economic issues are considered critical to unpacking Caribbean states relations with China in the Post-Cold War period (2005-2015).

In examining the economic processes of engagement, the thesis focuses on two empirically based case studies; financing for infrastructure investments and trade. Through these two economic pathways, the study assesses the impacts of the economic engagement, the implications of the evolving commercial ties for the US role inside the region and Caribbean states responses to the domestic economic engagement. In doing so, Caribbean states interests, agency, constraints and the underlying ambiguities in the relationship are highlighted.

The study makes both empirical and theoretical contributions to the literature on Sino- Latin America Caribbean relations. More specifically, the research contributes to a rethinking of established assumptions regarding the Latin America Caribbean region's relations with China. The study illuminates a more sustained Caribbean and China relationship through distinct phases of the engagement. It shows that Caribbean states displayed even in the midst of Cold War rivalries, a commitment to China on the basis of Third World solidarity. Caribbean states then reconfigured their ties with China on the basis of mutual economic interests in the Post-Cold War period. Such issues are still largely under-explored in the literature. The thesis also contributes to providing a developing country perspective within a discourse that has been largely China-facing. Further, the study adds to the growing body of scholarly work on NCR for understanding the foreign policy behaviour of developing states. The research also contributes to creating additional lines of enquiry into the Sino-Latin America Caribbean dynamic, thereby providing further avenues for research. More broadly, the study contributes to the wider International Relations literature and its inter-related sub-fields of Foreign Policy and International Political Economy.

Introductory Chapter

The seemingly intensifying ties between the Latin America Caribbean region and China in recent times have been subject to intense scrutiny from observers and scholars alike. However, much of the current literature remains focused on China's motives in the region and the intersecting roles of the US and China within the space. Less obvious in the narrative is how Latin American or Caribbean states interests, decision-making, structure and constraints fit into the broader discourse on China's rise in the region. Lessening the focus on developing states and viewing them as largely peripheral actors in interactions with China not only perpetuate the underlying tendencies within IR scholarship to under-represent developing states in interpretations of inter-state relations. Doing so, also obscures the very essential role that developing states play in shaping the relationship with China amidst the presence of internal and external constraints.

In tandem with the general predisposition to treat developing states as largely peripheral in the interactions with China, the Caribbean region's relationship with China, remains under-explored in the broader Sino-Latin America Caribbean literature. These underlying deficiencies, point to critical missing links in the literature, thereby highlighting substantial knowledge gaps in the current scholarship.

The research adheres to the underlying premise that it is understanding how and why developing states engage with China that a more comprehensive, yet critical assessment of China's rise within those very states can be arrived at. Focusing on the dynamic from the standpoint of developing states does not trivialise the essential role that states with the requisite power resources play in influencing the relations. However, concentrating almost exclusively on more powerful states within the dynamic can stymie more in-depth and critical research into China relations with the developing world. Thus leading to invariably narrow portrayals of what is often a multifaceted and complex dynamic.

The thesis aims to interrogate Caribbean states foreign policy towards China within a framework that inserts Caribbean states specific geopolitical structure, diplomacy and economic interests, while also taking into account, the varying perceptions that stems from the region's engagement with China. The study assesses the central question as to how and why this confluence of political

and economic factors are key to explaining patterns of continuity and change in Caribbean states relations with China.

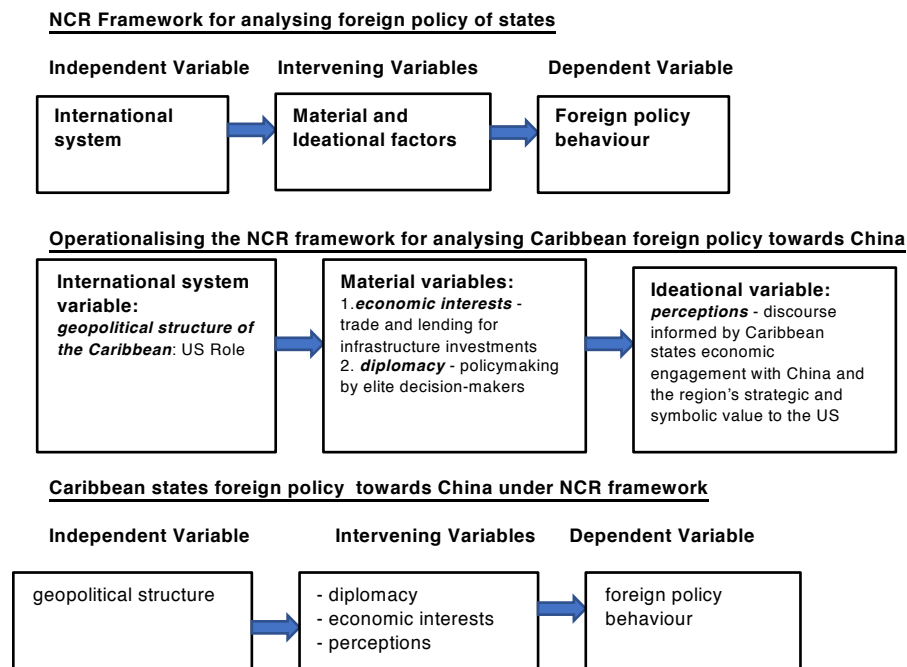
Given the current status of the literature from the onset, one may note that the research seeks to contribute to the existing scholarship through principally two main avenues. One, the research seeks a departure from the more conventional analyses in the literature on China's rise within the developing world by seeking to examine the Caribbean region's relationship with China chiefly from the vantage point of such developing states. Two, the research seeks to add conceptual and empirical value to the existing debates on China's emergence in the Americas hemisphere. In doing so, it seeks to assess Caribbean states foreign policy towards China within a theoretically informed framework based on FPA and NCR, while concomitantly emphasising an empirical approach to analysing the relationship.

In the main, developing states foreign policy vis-à-vis emerging actors like China are frequently assumed to be one of reactivity and passivity, rather than that of active agents seeking to shape foreign policy processes in their interests despite varying constraints. This stems partly from an underlying tendency within the literature to marginalise the experiences of developing states in the interactions with China (Large, 2008; Mohan and Lampert, 2013; Hanusch, 2012; Hodzi, 2018).

Within the literature on China's emergence in the Latin America Caribbean region, much of the peer - reviewed sources postulating on the dynamic, are preoccupied with China's interest in the engagement and consequently, the China and US nexus within the region. Implicit in the current discourse is the view that traditional US hegemony in Latin America and the Caribbean is being challenged, if not out-rightly eroded, by the rise of China as an alternative actor (see Dreyer, 2006; Hakim, 2006; Paladini, 2015; Denoon, 2016). The genesis of such debates lie within a broader discourse whereby China's ascent is seen to have implications for the US role in the international system (see Lampton; 2008, Shirk; 2008, Shambaugh; 2013, Breslin, 2013; Blackwill and Tellis; 2015). Hence, an underlying assumption resulting from the preoccupation with the US and China factor within the Caribbean and Latin American region is that latter's engagement with China, can have a direct and even inverse impact on traditional US influence in the region. However, there is need to go beyond those presuppositions of the "China challenge," in an effort to arrive at a more evidence-based analysis of Caribbean states evolving relationship with China.

In order to examine Caribbean states relations with China, the thesis draws from conceptual and methodological insights provided by Foreign Policy Analysis (FPA) and Neo-Classical Realism (NCR). Drawing from the NCR framework, figure 1.0, illustrates the key variables that influence Caribbean states foreign policy behaviour vis-à-vis China. The diagram below, further highlights how those variables are operationalised within the research.

Figure 1: Conceptualising and operationalising the variables in Caribbean's foreign policy towards China



States interact within a complicated international environment while also having to deal with domestic issues as well as the psychological milieu that shape foreign policy formulation and implementation. In studying the Caribbean region's foreign policy towards China, the enquiry focuses on selected phenomena inclusive of both structural and intervening variables. The latter includes diplomacy, economic considerations and perceptions of China's role in the region. The structural variable denotes the external conditions under which Caribbean states articulate and implement foreign policy towards China. Consequently, the US role within the region is construed as a systemic factor in the region's foreign policy behaviour (the dependent variable).

The variables are deemed as relevant and inter-related and undergird the complexity of Caribbean

states relations with China. These systemic and intervening elements may not necessarily be understood in isolation. Instead, the aforementioned variables, have to be seen as a set of causal factors interacting with each other, to shape the Caribbean and China dynamic in the Post-Cold War period. However, dependent on time and context, the salience of these issues in the interaction are likely to vary.

While certain studies have examined China's relations with Latin America, there has been limited attempts whether implicit or explicit, to situate the analyses with a theoretical framework (see Strauss and Armony, 2012; Wise and Myers, 2016; Fornes and Butt-Philip, 2011). Although the significance of situating relations within a theoretical construct may not always be readily apparent, theory is an important means of harnessing observations within an explanatory and predictive framework. Therefore, enabling more rigorous analysis of existing and unfolding phenomena.

Moreover, the conceptual framework illuminates the relevance of distinct economic drivers in Caribbean states relations with China. The thesis examines two empirically-based case studies pertaining to the financing and trade dimension of the Caribbean region's economic engagement with China. These areas highlight not only the nature and scope of the region's commercial interactions with China, but also constitute the main pathways through which to evaluate the impacts and implications of Caribbean states evolving economic ties with China. These cases concomitantly shed light on Caribbean states aims and agency in relations with China while also pointing to the underlying opportunities and limitations that arise in engaging China within the economic realm.

1.1 Research questions

In an effort to examine Caribbean states relations with China especially given the knowledge gap on the region's relationship with China within scholarly debates on China's rise in the Americas hemisphere, the thesis is underpinned by a central research question. Consequently, it is asked; to what extent have geopolitical, diplomatic, economic and perceptual factors shaped Caribbean states foreign policy towards China in the Post-Cold War period (2005-2015)?

It may be asserted that the elements highlighted within the main research question are vital for understanding how Caribbean states ties with China unfolded in the past, how it is constituted within the present and why. These elements also offer critical clues regarding how the relationship may be shaped in future and why. The central underlying enquiry also gives rise to other subsidiary research questions. These are as follows:

- (1) To what extent has Caribbean states geopolitical structure influenced foreign policy towards China?
- (2) How and why has diplomacy shaped Caribbean states foreign policy towards China?
- (3) How and why have domestic economic considerations influenced Caribbean states foreign policy decision-making vis-à-vis China in the Post-Cold War period (2005-2015)?
- (4) To what extent do perceptions shape Caribbean states foreign policy towards China?

1.2 Unpacking the main hypothesis

The study investigates the central hypothesis that; “Caribbean states have created relatively autonomous spaces for decision-making regarding China based on economic interests whilst acting within a broader geopolitical construct and embedded perceptions of China’s rise within the region.” In line with this main proposition, the thesis advances key claims which concomitantly emphasise the salience of economic issues in influencing Caribbean states foreign policy towards China.

First, it is asserted that while Caribbean states foreign policy vis-à-vis China is partly influenced by an overarching power structure informed by the US role in the region, the interaction between Caribbean states and China, has to be understood as one driven primarily by mutual economic interests. Thus, in explaining patterns of continuity and change in Caribbean states foreign policy towards China, the thesis does not necessarily depart from the fundamental assumption that the region’s geopolitical structure shapes the relationship to a certain extent. The distinguishing characteristic that differentiates the Latin America Caribbean region from other parts of the developing world where China pursues economic relations, is the area’s physical proximity to the US mainland, the world’s hegemonic power. States pursue foreign policy under underlying structural incentives and disincentives. Therefore, there is an underlying assumption within the thesis that the Caribbean region’s foreign policy towards China may not be adequately accounted for, without at the very least, interrogating the geopolitical structure within which the region exists.

However, it is also counter-argued that a focus solely on the underlying hegemonic structure of the region does not fully account for Caribbean states foreign policy towards China. Hence, the overarching contention of the thesis that Caribbean states relations with China are driven principally by mutual economic interests for the period under survey within the thesis (2005-2015).

Next, the thesis argues that Caribbean states have actively sought to influence agenda-setting and policy implementation in pursuit of mutual economic interests with China through bilateral and multilateral diplomatic contexts. Therefore, the thesis addresses how state decision-makers acting through key events and circumstances, have sought to configure the engagement to facilitate specific goals in the dynamic. In assuming that the Caribbean region's policymaking through deliberative diplomatic processes is a key factor influencing the relations, the thesis also implicitly highlights a more complex relationship. Thus, it reveals an interaction not only steeped in ideational elements but more definitively, in economic processes.

While there is consensus in the literature that diplomacy is an integral factor that shapes developing states relations with China, much of the Sino Latin America Caribbean literature tends to overly concentrate on the Taiwan issue as part of China's diplomatic outreach to states in the region. Thus highlighting China's motives in the dynamic rather than that of developing states in the region (Dominguez, 2006; Li, 2005; Jenkins *et al*, 2008). Little attention is paid to how and why this factor plays a key role in shaping the dynamics from the standpoint of the Caribbean region.

As will be shown in chapter 3, whereas in the past, Caribbean states policymakers had acted through the more ideational underpinnings of the Cold War era to promote policies regarding China, by the Post-Cold period, policymaking came to be defined along highly economic lines. In accordance with underlying economic shifts, elite decision-makers in the Caribbean region utilised diplomacy as a mechanism to influence policy outcomes in relations with China in pursuit of commercial objectives. Thus, policymakers sought to implement strategies and policies designed to further China's economic role within the Caribbean region.

Moreover, the thesis advances the core argument that domestic economic considerations have to be given explanatory priority when examining Caribbean states foreign policy towards China in the Post- Cold war context of the engagement. Less documented in the scholarship is the extent to

which Caribbean or Latin American states seek to construe their interests in relations with China and the consequent effects of those interactions on external actors influence within their space.

The thesis seeks to more specifically illuminate how and why states within the Caribbean region have engaged with China in the economic realm. It also seeks to examine the constituent impacts of the commercial ties in terms of the underlying opportunities and constraints within the interaction. It also focuses on the wider implications of the domestic economic engagement for the US role in the region. The study further examines how Caribbean states have shaped responses to China's increased economic involvement at the ground level.

Finally, the thesis asserts that the salience of economic interests in influencing Caribbean states foreign policy decision-making regarding China result in a relationship that is mediated more so by perceptions of opportunity, rather than threat. The geopolitical position of the region in particular, highlights why perception is such a salient factor in the ongoing dynamic between Caribbean states and China. Thus, a particular line of thinking underpinning the region's engagement with China maybe briefly encapsulated as follows; it would help China's overall strategy, hidden or unhidden, to have a cultural and economic presence in the Caribbean and Latin America due to the region's resources and unique geostrategic positioning.

A mixture of norms, culture, ideas, public views, current and historical events, all merge to create diverging perceptions of the region's evolving ties with China. While allowing that ideas and experiences can generate a divergent set of perceptions relating to the region's evolving ties with China, little attention has been paid to how Caribbean or Latin American states perceive the interaction, and why it is that notions of opportunity as envisaged by such states, have actively structured the relations with China. As Erikson (2009:120) explains, China has moved from being a peripheral economic actor in the western hemisphere to one that is highly meaningful to the Latin American Caribbean region. But rather than this development occurring within a vacuum, it reflects the region's desire to shift its foreign policy outreach to a diverse set of actors in order to complement its traditional ties to the US and Western Europe.

Nonetheless, one may also acknowledge that what Caribbean policy-makers have in relation to perceptions of a rising China is "historical hindsight." Wohlforth (1993: 22) notes that "most

analysts of foreign policy learning believe that the international system is subject to certain regularities about which states ought to learn. As a rule, they see strong incentives for cooperation in international relations, and they assess the behaviour and beliefs of historical actors (or present incidents) accordingly.” Thus, Caribbean states decision-makers, have consciously or subconsciously, internalised US opposing or accommodating perceptions of China as being significant to foreign policy behaviour.

However, concentrating largely on perceptions of opportunity more so than threat in the interaction, despite its relevance in ongoing discussions of China’s rise in the Latin America Caribbean region, is not an oversight. Rather, this more calibrated approach is based in part, on the empirical analyses of the thesis and more normative evaluations of alternative powers rise within the region. There are possible limits to the rise non-western actors influence in the region, including the preponderance of western actors interests within the space.

Moreover, a focus on the relations from the vantage point of Caribbean states suggests that China is seen as a benevolent actor largely interested in shaping south-south economic cooperation for mutual benefit, although this does not preclude challenges in the engagement. Hence, the need to focus on a more nuanced assessment of Caribbean states ties with China, beyond underlying perceptions of threat.

1.3 Research Rationale

The broader objective of the study is to examine the extent to which structural and intervening factors shape the Caribbean region’s foreign policy vis-à-vis China whilst simultaneously underscoring the primacy of economic considerations in Caribbean states relations with China. In doing so, the analytical foci is on developing states rather than the more China-facing analysis prevalent in much of the literature on China’s emergence within the developing world.

While there has been a redefined economic pragmatism in Caribbean states engagement with China in the Post-Cold War period, these underlying economic elements have escaped empirical scrutiny in the literature on China’s rise in the Caribbean and Latin America. The scholarship has focused on a more macro perspective of China’s economic role particularly in Latin America with little analysis on the Caribbean region (see Gallagher and Porzecanski, 2010; Gallagher, 2016;

Ellis, 2009; Roett and Paz, 2008; Peters, 2013).

Despite the dearth of studies on Caribbean states relations with China, the thesis findings suggest that economic issues have been the driving factor in Caribbean states foreign policy decision-making towards China, for the period under survey within the thesis. For developing states of the Caribbean region, China's ascent within the international economic system at the dawn of the Post-Cold War period, not only signaled a broader realignment of economic power at the global level. China's emergence also enhanced spaces for the promotion of development goals within a seemingly differentiated international environment marked by the rise of an alternative economic power. China appeared to emphasise a different ethos in development assistance. It not only sought to act in states with different resource endowments such as those within the Caribbean region, but also placed priority on forms of development assistance such as infrastructure financing which was not necessarily a central focus for traditional actors. Thus, China's more prominent role in international economic affairs provided considerable maneuvering space for developing states to promote economic interests.

Caribbean states economic turn to China may be traced to the 1990's, a period whereby concurrent economic processes aided in facilitating deepened commercial ties between Caribbean states and China. As will be seen in chapter 3, China's rise coincided with significant systemic economic changes in the Caribbean region. These involved a reduction in aid and technical assistance from traditional partners such as US after the collapse of the bipolar world order. Added to that, specific states within the Anglophone Caribbean faced a loss of preferential treatment in long-established markets in the EU for agricultural products. These circumstances in effect, created favorable conditions for the expansion of ties between the Caribbean region and China. Consequently, setting the stage for increased commercial and political interactions between the two sides.

However, it was in 2005 that the economic relationship between Caribbean states and China took a substantial turn. In that year, the *First China Caribbean Economic Cooperation Forum* was convened in Jamaica. The forum was aimed at furthering Chinese actors commercial entry into the region. It also served to promulgate the idea of a reinvigorated Caribbean and China partnership on new economic terms.

To address the evident empirical gap in the existing Sino-LAC scholarship, the thesis examines two main case studies pertaining to the financing and trade dimension of the Caribbean region's economic engagement with China. These case studies are crucial to unpacking Caribbean states economic interactions with China. Examining these cases also allow for a more rigorous and robust analysis of the engagement to emerge. The intent of each case study is not to simply provide a descriptive portrayal of the economic relationship. Although, given the knowledge gap on Caribbean and China relations, it is important that observed patterns and trends be described, so that these can be later analysed. The objective rather, is to examine those cases as a starting point to further evaluate the impacts of the economic ties at the ground level and the subsequent responses within the local context. The cases also facilitate more critical and evidence-based assessments of the broader implications of China's rising economic role inside the Caribbean region in relation to the US. Thus, an analysis of the economic engagement, allows for a problematisation of underlying claims that the region's interactions with China has had a possibly adverse effect on the traditional US role within developing states of the Americas hemisphere.

Moreover, the empirical assessment simultaneously highlight the opportunities, challenges and complexities involved in the commercial interactions. In examining the financing dimension of the domestic economic engagement, as will be seen in chapter 4, China has played a crucial role in financing in the Caribbean region. As such, it has become a critical actor in the region within a relatively short space of time, alongside established actors. However, the thesis findings also reveal the constraints inherent in small Caribbean states engaging a more economically powerful actor like China.

Among the impacts the thesis brings to fore, when examining the rapidly evolving economic ties with China, is the extent to which the engagement creates the possibility for dependency patterns of the past to re-emerge. Therefore, how increased lending from China can impact Caribbean states in the long run in terms of more familiar patterns of debt, development and dependency, are critical elements examined within the thesis.

As will be examined in chapter 4, these issues are still unfolding and have not resulted in significant analysis within the Sino-LAC literature. In the wider scholarship on China's engagement with other developing states, Rotberg (2009), briefly addresses the issue of whether China's increased

development assistance poses a risk for already highly indebted states. In this account, Rotberg does not entirely discount the possibility of adverse effects of debt on already vulnerable economic environments within developing states. Reisen (2007) provides a slightly more optimistic view of increased debt by specific developing countries in relation to China. He argues that the concern is misplaced partly on the basis that loans carry a significant grant component. Brautigam (2010) also proves to be more measured in her assessment of the possibility of China triggering unsustainable debt levels in developing states.

Nonetheless, as will be seen in chapter 4, the research undertakes a much more pragmatic approach in assessing the possibility of increasing debt levels within Caribbean states in relation to China. Thus, it is asserted that there is a distinct possibility of increased debt to China within the context of already high debt to GDP ratios within small states of the Caribbean region. Furthermore, most of the financing from China has been on concessional terms, rather than grant funding, as will be seen in chapter 4. This incurs obligations over several years in relation to China's commercial actors. Thus raising the risk for higher levels of indebtedness within the region. Such issues highlight significant similarities between Chinese commercial players and other international financial institutions operating within the Caribbean region such as the IMF and IADB.

Additionally, in examining Caribbean states economic relationship with China in relation to the trade dimension of the engagement, the empirical findings in chapter 5, highlight the power differentials and underlying asymmetries within the engagement. On the surface, this illustrates more familiar trends within the literature on developing states economic relations with China (see Zafar, 2007; Jenkins and Edwards, 2006; Moreira, 2006; Kaplinsky and Morris 2008; Alden, 2005; Ellis, 2014).

Within the trade relationship two main issues have arisen as will be discussed in chapter 5. One is the extent to which Caribbean states appear to be engaging alongside similar center-periphery patterns of old in relation to external actors whereby the region is primarily a site for imports of higher valued goods while being an exporter of primary products. The second is the extent to which China's rise presents its own set of competitive dynamics to states within the Caribbean and Latin American region.

However, the empirical findings do belie developing states agency and interests in the trade dynamic. Thus suggesting the need to account for a more nuanced assessment of Caribbean states economic ties with China. The economic relationship illustrates distinct opportunities and underlying prospects in relation to enhancing China's role as a source of FDI within respective trading sectors within the Caribbean region. China's investments in this regard is especially relevant within the resource endowed states of the Caribbean such as Guyana, Trinidad and Jamaica. Such issues will be addressed more comprehensively in chapter 5. Moreover, as will be shown in chapter 5, trade with China has actually been part of Caribbean states bid to access more competitive global markets in goods. Thus China's rise has enabled a broader diversification of trade partnerships.

In relation to ongoing debates within the literature that China presents a competitive threat in its trade with Latin America and the Caribbean region, as will be seen in chapter 5, one may not necessarily discount a more competitive turn to China. However the issue of China's competitive threat is a lot more complex. This is due in part to China's comparative advantages. Nonetheless, as will be seen in chapter 5, this preliminary finding in relation to the Caribbean region, may not necessarily be generalised across to the Latin American region. Strauss and Armony (2012) suggests that there is reason to question the optimism of earlier studies regarding China's competitive threat to Latin America. As will be discussed in chapter 5, concerns are further exhibited through the fairly substantial number of antidumping cases brought by Latin American states in relation to China at the WTO.

Further, in examining Caribbean states domestic economic engagement with China in relation to its implications for the US role within the space, the findings suggest that Caribbean states have sought to enhance ties with China alongside established actors. The empirical findings in chapter 6 suggest that the US and China are playing more complementary rather than competitive roles in the Caribbean region. Thus it appears that China's influence inside Caribbean states is occurring in tandem with US economic dominance and not in opposition to it. More specifically, as will be seen in chapter 6, the empirical evidence suggests that in economic areas of financing and trade where the Caribbean and China have increased economic engagement, the US influence can still be argued to be predominant. Such findings problematise claims of possible US decline amidst China's rise within the region. As will be seen in chapter 6, the data also points to the need to

interrogate claims pertaining to China's rise and US influence more broadly in relation to Latin America.

Moreover, the research findings suggest that while underlying power differentials, have been assumed to impinge on Caribbean states ability to negotiate their economic interests in relations with China, this does not automatically equate to a lack of agency on the part of Caribbean states. And neither do asymmetries suggest an unwillingness on the part of Caribbean countries to assert their interests in the dynamic.

As will be seen in chapter 7, the economic relations between the Caribbean and China can elicit a range of responses based on various actors interests. Consequently, the engagement can be mediated based on calculations of costs, benefits and risks in the engagement. Responses may be linked to perceived threats to environmental norms and labour standards or even in relation to the more strategic position of the Caribbean in relation to the US. Thus, despite limitations related to economic resources and other underlying vulnerabilities, Caribbean states actively formulate responses, implement decisions and aim to assert preferences in the dynamic. Thus, further pointing to the need to interrogate more thoroughly developing states standpoints in interactions with China in an effort to promote a more critical assessment of China's engagement inside those states.

The rest of the introductory chapter will continue to unfold as follows: the specific research contributions of the study will be examined and a literature review will then be undertaken. The discussion on the Sino-LAC literature focuses on the sources, phases, themes, underlying debates and more specifically; the omissions within the scholarship which in part drives the research project. Finally, the chapter provides the overall structure of the thesis in an effort to signpost all subsequent chapters of the dissertation.

1.4 Thesis contributions

The study contributes to addressing the knowledge gap on the Caribbean region's relationship with China within the broader context of China's emergence in developing states of the Americas hemisphere. More broadly, in examining the relations from the standpoint of Caribbean states, the thesis simultaneously contributes to placing a developing country perspective in the discourse on

China's rise within the Latin America Caribbean region. Therefore, it seeks to move past the more conventional analyses within the literature whereby much of the discussion has been largely focused on China's goals and interests in the dynamic.

Moreover, to the best of my knowledge, the thesis is the first study to examine the various phases of Caribbean states relations with China. There has often been a tendency to view the Latin America Caribbean region's relationship with China as more of a Post-Cold War phenomenon. Scholars tend to construct China as rather disengaged from the region prior to the Post-Cold War period (Roett and Paz; 2008, Ellis; 2014, Fornes and Mendez; 2018).

However, the findings suggest a rethinking of established assumptions regarding the Caribbean and China relationship as will be seen in chapter 3. The research findings contrast with the wider discourse that often expresses China as aloof from developments in the Latin Caribbean region prior to the Post-Cold War period. The relationship between the Caribbean region and China has been based not only on shared historical ties, but also, Caribbean states displayed even in the midst of Cold War rivalries, an ideological commitment to China which revolved largely on Third World solidarity. Later, driven by economic considerations, Caribbean states and China reconfigured their relations in the Post-Cold War period. Such issues have been under-explored in the literature on China's rise in the region.

The thesis also makes a significant empirical contribution by focusing on the economic dimension of Caribbean states relations with China. Thus, adding to the current state of knowledge on Latin America Caribbean relations with China. As already stated, it examines two empirically based case studies of Caribbean states domestic economic engagement with China; the financing and trade dimensions of the commercial interactions. Economic issues shed light on Caribbean states interests in the engagement, their agency, responses and constraints in the broader dynamic. Thus facilitating an understanding of the interaction from their vantage point as developing states. These case studies also illustrate the wider implications of those economic processes within developing states for traditional actors like the US. Thus illuminating how developing states, despite substantial economic asymmetries in relation to more powerful actors, do to some extent, invariably influence the role of such actors within their space.

At the theoretical level, the research contributes to the growing body of scholarly work on NCR in the study of foreign policy. The research illuminates how Neo Classical Realism theory can broaden an understanding of developing states foreign policy behaviour in relation to emerging powers like China. Moreover, in drawing from the conceptual frameworks underlying the analysis, the research is firmly located within the IR literature. Thus, it contributes more specifically to the subfields of Foreign Policy and International Political Economy.

The study also contributes to opening-up avenues for further research within the context of Sino-Latin America Caribbean studies.

2. Literature Review

Within the nascent literature on Sino- Latin America Caribbean relations, there are at least two areas of neglect and these guide the dissertation. One, much of the literature overlooks the Caribbean region's relations with China in the discourse on Sino - Latin America relations. The outcome is a sizeable gap in knowledge on China's relations with the broader Latin America Caribbean region. Two, there is a tendency for the literature to be more "China facing" with insufficient attempts at interrogating and integrating developing states perspectives in the discourse.

Moreover, there is a preoccupation with the US and China nexus within the region in the literature which further de-emphasises the perspectives of Caribbean and Latin American states in the dynamic. This is evident in scholarly works, US policy documents, think tank research and media sources (see subsection 2.2). While this approach is understandable given the intersection of China and US interests in the region, concentrating largely on these economic powers, preclude more critical and comprehensive assessments of China's rise in the Americas hemisphere. Consequently, it is important to insert into the wider narrative, Latin America and Caribbean states agency, motives and responses when analysing China's engagement with the region. The preceding discussion then seeks to locate the research project.

2.1 Lack of Caribbean states perspective in Sino-Latin America Caribbean literature

Within the broader scholarly discourse on Latin America and China, exists very few incisive and critical studies on the relationship between Caribbean states and China. To date, there has been

little systematic evaluation into how and why Caribbean states geopolitical structure, policy-making, economic considerations and perceptions of the engagement shape relations with China. In the rare instances that certain studies mention the Caribbean in the broader dynamic, the tendency has been to deal with the region rather superficially. Ellis (2009) is among the very few scholarly studies to dedicate a brief and separate discussion to China's economic and political activities in the Anglophone Caribbean. Wenner and Clarke (2016) and Bernal (2016) have also made some preliminary efforts to examine the economic interaction. However, these studies remain largely descriptive. The impacts and implications of the Caribbean region's economic engagement with China either at the domestic level or in relation to traditional actors, remain under-examined. The responses of such states within the context of the commercial interactions also remain largely un-explored.

Moreover, the tendency to overlook the Caribbean region as part of the analyses even when scholars purport to address the Caribbean region is also rather striking as will be examined below. Thus, the literature is predisposed to treat the Latin America Caribbean region as a cohesive and monolithic entity when assessing China's growing ties with the region without necessarily accounting for the diversity in China's relations within particular states in the region.

2.1.1 Sino- Latin America Caribbean Literature

The existing body of scholarly work on the Caribbean, Latin America and China may be placed under the broader rubric of China's historical relations with the region, its ideological role in the Latin America Caribbean region during the Cold war era, and China's emerging role in the Post-Cold War context of relations. However, the bulk of those analyses pertain to Latin America rather than the Caribbean *per se*, especially when accounting for the region's relations in the latter two periods mentioned.

Firstly, whilst historical texts reference the Caribbean and China relationship, beyond this more historical context of engagement, studies on the Caribbean and China remain relatively scarce in the peer- reviewed literature. Lai (2006) focuses on various historical waves of Chinese migrants into Jamaica, Trinidad and Guyana. Lai documents the early experiences of these migrants within the Caribbean context. Wilson (2004) focuses his attention on the various processes of adaptation undertaken by Chinese migrants which in turn fostered new identities within the Caribbean region.

Likewise, Sanjek (1990) examines Asia's historical links with the Caribbean in his book, *Caribbean Asians*. Additional efforts to account for the early Caribbean and China ties is seen in the *Journal of Chinese Overseas* (2009, Vol.5, Issue 1). The said journal dedicates a collection of essays to the Chinese in Latin America and the Caribbean with the focus still largely on historical linkages. Moreover, authors such as Lai and Tan (2010) and Li Anshan (2004) have also expanded their enquiries by accounting for Caribbean and Latin America's cultural links with China based on the earlier inter-connections between the region and China. A more recent work, designed in part to refocus attention on Asia's role in the Americas hemisphere, includes Rivas and Lee-DiStefano (2016).

Secondly, within the context of the Cold War period, there is a rather noticeable void in the academic literature with respect to the Caribbean, Latin America and China. This is partly due to the assumption that the area's broader geopolitical underpinning in relation to the US precluded closer engagement with China. This has led in part to Sutter's (2012: 323) claim that "China had limited standing" in Latin America prior to the 1990's.

Despite the critical Cuba and China nexus within the Caribbean region during the Cold War period, even the interaction between the two, appears to have escaped broader scrutiny in the Sino-Latin American literature. More recently, there has been a few efforts designed to address this wider knowledge gap on the Caribbean and China with respect to Cuba especially. With a view towards examining China's more ideological links with Cuba, the Wilson Center's "Cold War International History Project," published an article in 2012 entitled; *The Cuban Missile Crisis at 50*. Drawing from various sources, including now declassified documents, the article examines China's engagement with the Caribbean region under Mao. As such, it brings to the fore, China's attempt at bolstering solidarity with Cuba on the basis of revolutionary struggles against US imperialism. Notwithstanding the general lack of scholarly attention to the Caribbean region, discussions in chapter 3, underscores the shared ideological affinities between respective Caribbean states and China.

Despite the limited scholarly research on the Caribbean region and China during the Cold War period, two early scholarly works which sought to evaluate Latin America's relations with China during that period bear mentioning. One is Cecil Johnson's (1970) book, *Communist China and*

Latin America 1959-1967. Johnson posits that Mao attempted to export a Maoist ideology to Latin America in an attempt to rival Soviet influence. Also notable is William E. Ratliff (1972) article; *Communist China and Latin America, 1949-1972*. Ratliff focuses on the bid to integrate China in the international community by respective Latin American states during the Cold War period. It may be said that this more ideological stance in relation to China was in line with the more ideational underpinnings of that era.

Moreover, in seeking to go beyond the popular narrative that Latin America's relations with China is largely rooted in the Post-Cold War context of engagement, Jilberto and Hogenboom (2010: xii) posit that the relationship is not "terra incognita." The said authors make a preliminary effort to deconstruct China's role in Latin America by focusing partly on the more hegemonic and anti-hegemonic undertones evident in the relations in the Cold War period. Rothwell (2013) also attempts to further explore this phase of the China and Latin America relationship in his work, *"Transpacific Revolutionaries."* Rothwell takes up the more ideational elements of Latin America's relations with China and contends that Latin American states exercised a level of agency in relations with China. Rothwell also argues that the Chinese leadership under Mao attempted to formulate a Maoist identity within Latin America.

Thirdly, although a growing number of scholars have discussed the China and Latin America relationship in the Post-Cold War period, much of the discussion overlooks the Caribbean region. This has resulted in a substantial knowledge gap in the broader Sino- Latin America Caribbean literature. The scholarly literature thus far, has largely concerned itself with the economic and political themes that shape China's relations with the Latin American region post 1990. Moreover, while not necessarily focused on the Caribbean region, within the Sino-Latin American literature, geopolitical concerns have been assumed a priori, to have both direct and implicit consequences in shaping the region's relationship with China. This is due to the area's close geostrategic positioning in relation to the US.

The focus on economic issues within Sino-Latin American literature is in line with the scholarship on China's relationship with other regions in the developing world. The economic imperatives behind China's engagement is explicated upon in much of the literature concerning China's rise

in developing states (see Taylor, 2006; Alden, 2005; Brautigam, 2010; Brautigam and Tang, 2012; Breslin, 2016; Lucy Corkin, 2012; McCormick, 2008; L. Jakobson, 2006; Moss & Rose, 2006).

There are three main economic areas where China's relations with Latin America has blossomed. Latin America's commercial interactions with China has been linked to its resource drive in the region, its market outreach to the developing world as well as its increasing role in financing in developing states. Cui and Garcia (2016) and Wise and Myers (2016) have paid close attention to the growing economic role played by China in Latin America in such areas. Roett and Paz (2008) and Ellis (2009, 2014) have also explored those interlinking elements in China's engagement with the region.

The resource drive behind China's engagement in Latin America has been linked to an increase in "loans for oil" deals between the region and China. Wang and Li (2016) explores how China's natural resource quest has influenced this model of financing within Latin America using Venezuela as a case study. This resource oriented economic strategy by China within Latin America is also examined by Yanran Xu (2017). The latter develops the central thesis that China's strategic partnerships in specific Latin American countries (Venezuela, Argentina and Mexico) are linked to China's resource diplomacy abroad. Erikson (2006) concludes that much of the commercial interactions between China and Venezuela have rested on oil for investments.

Additionally, within the economic context of Latin America's engagement with China, the peer-reviewed literature has placed particular emphasis on the trade relations between the two. To this end, there have been some fairly critical expositions particularly on the trade dimension of the interactions. Academic studies in this area have managed to examine the challenges, opportunities and threats that have thus far defined the Latin America and China trade dynamic. Lall et al (2005) is an important initial study in this regard. It is among the preliminary studies to critically assess the impacts and implications of China's economic emergence on the Latin American region. Thus, expressing very early on, China's effect on possible de-industrialisation in the region. Such debates have also been taken up by Moreira (2006). The latter explicated on the competitive effects of an emerging China on the manufacturing sector in Latin America. Gallagher and Porzecanski (2010) also provides a critical synopsis of the implications of China's rise in trade for Latin America. The said authors argue that the case for de-industrialisation in the region is not entirely overstated when

accounting for the effects of China on the region. In examining the effects of a then rapidly expanding China on the textile industries in the Caribbean and Latin America, Delvin et al (2006) concludes that the decline in this sector in the region effectively correlates with the rise of China in similar product structures.

The opportunities as well as opportunity costs of engaging China in trade have also been examined by several more authors whose work bear highlighting. Some have elucidated on the impacts of the asymmetrical trade ties between the region and China. These include; Jenkins *et al*, 2008; Jenkins and Peters, 2009; Hernandez, 2012; Kotschwar, 2014; Rosales and Kuwayama, 2012; Dosch and Goodman, 2012.

Notwithstanding the more critical assessments of China's trade relationship with Latin America, the financing dimension of the economic engagement and its implications for Latin America, remains under-examined. But having said so, Gallagher (2012, 2014, 2016) has made a commendable effort in examining China's financing patterns in Latin America at the more macro-level. Gallagher is among the limited number of scholars that have sought to lift the lid on Chinese financing in Latin America thus far. He also places relative emphasis on the implications for traditional actors like the US within the region. Thus Gallagher's (2012) article, "*The New Banks in Town*," catalogues China's growing influence in lending in Latin America by relying on primary documents as well as media accounts of Chinese lending in the region. Gallagher revisits the issue of Chinese financing in the region in his book, *The China Triangle*. Consequently, Gallagher (2016:70) estimates that between 2005 and 2014, Chinese banks made available at least \$119 billion to fifteen (15) Latin American governments.

However, in the main, the impacts of China's lending on the Latin American region has been under-explored in the peer-reviewed literature. As will be discussed in chapter 4, with regards to the Caribbean region, while increased lending can contribute to economic gains, broader questions of debt and development and the possibility of the former negating the latter, cannot be entirely overlooked. Lending has taken place within an environment where Caribbean states already held very high debt to GDP ratios. Such a situation does have possible implications for development gains within the Caribbean region in the medium to long term.

Beyond economic considerations, the literature has also focused on the political themes in the Sino-Latin American literature. Such elements to some extent, converge with existing literature pertaining to China's rise in other developing states. According to Brautigam and Tang (2012:799), China's engagement with developing states "bolster diplomacy, China's image and soft power." Joshua Kurlantzick (2007: xi) argues that public diplomacy is an important part of China's soft power in developing states. Yiwei Wang (2008) also contends that diplomacy is an important tool in China's influence abroad.

Among the main concerns in the literature on China's rise in Latin America is the extent to which China's diplomacy in the region is related to its foreign policy aims in relation to Taiwan. The Latin America Caribbean region is the geographical space with the majority of Taiwan's diplomatic allies, despite the declining number of diplomatic partnerships for the latter in favour of China. Dominguez (2006) and Ellis (2009) posit that the Taiwan question plays a central role in China's interests in the region.

Moreover, within the Latin America Caribbean region, political motives attributed to China's rise assume even more pressing significance, due to the geopolitical character of the region. Phillips in Dittmer and Yu eds. (2010: 77) posits, "while China and Latin America have steered away from any form of engagement that resembles an overtly ideological and geopolitical agenda, the relationship is fundamentally informed and shaped by geopolitical considerations." Much of the literature is aligned with the thinking that this particular facet is especially significant in the Latin America Caribbean context (see subsection 2.2.1). As already stated, the region's geopolitical structure in particular, differentiates it from other areas of the developing world where China practices its economic statecraft.

As seen in the above discussions, with the exception of more historical references to the Caribbean and China dynamic, the Sino-Latin America Caribbean literature, largely omits the Caribbean region in the discourse. Whereas Latin America's relations with China especially within the Post-Cold War context of the engagement, have been increasingly postulated upon, little consideration has been given to the Anglophone Caribbean.

More specifically, within the economic context of engagement, the central focus is on *Latin America* rather than the *Latin America Caribbean region*. This leads to less rigorous empirical engagement with China's emergence in developing states in the Americas hemisphere. Thus far, there appears little effort to critically reflect on the nature of the economic relationship between Caribbean states and China, the aims of the commercial interaction, the responses engendered at the ground level to China's rising economic role in the region and the impacts and implications of Caribbean states economic relations with China.

Given the current status of the literature, substantial knowledge gaps exist on China's emergence within the region. There is then merit in inserting a Caribbean perspective in the dynamic. In examining at the unit level, how and why particular political and economic factors have influenced the Caribbean region's relations with China, a more critical analysis and a broader understanding of China's rise in the Latin America Caribbean region may be brought forth.

2.2 Lack of developing states perspective in Sino Latin American Literature

As highlighted in the previous discussions, Sino-Latin America Caribbean literature is perhaps a bit of a misnomer as much of it relates to the Latin America region and not the Caribbean. But beyond this knowledge gap on the region lies a very critical issue. Much of the current scholarly discourse frequently deprioritise and de-emphasise the perspectives of Latin America and Caribbean states in debates on China's rise in the region, as will be examined below.

The status of the current discourse, indicate how marginal developing states are often understood to be within the wider engagement with China. Invariably, in engaging in more peripheral analyses of Latin American and Caribbean states perspectives, the literature overlooks the essential role that those very states play in expanding Chinese actors influence at the ground level. This not only reinforce biases in the existing literature, but also stymie more in-depth and critical research into the region's relations with China.

More broadly, this may be seen as part of a general tendency within academic discourse to focus more so on established powers and emerging actors when seeking to postulate on developing states relations with such states. For instance, much of the literature on Sino- African relations, tends to discount African states agency and interests in the engagement, a point emphasised by Mohan and

Lampert, 2013 and Sautman and Yan, 2009. Likewise, similar deficits are apparent in the Sino-Latin American literature.

In examining the economic and political factors that shape Caribbean and Latin American states relations with China, concentrating on what China wants, why its increasing its role in the region, and why the US should be concerned, are important debates to have. But conversely, we should also be asking; what do Caribbean or Latin American states want? why are Latin America and Caribbean states engaging China? And to what extent do the rising interactions impact US interests *inside* those states? The peer-reviewed literature on Sino Latin American relations has yet to sufficiently bridge this significant gap.

The tendency to obscure developing states perspectives in the dynamic is evident in much of the academic literature on the region and China. In Ellis's (2009) work, he dedicates a main section of his book to "*China's emerging struggles in Latin America.*" However, it is also important that this logic be reversed and that Latin America's struggles with China for instance, figure more prominently in the current discourse. Similarly, Roett and Paz (2008), concentrate the bulk of their attention on China even while seeking to dedicate chapters to "*South -South Perspectives*" and the "*Latin American View*," within their book. However, much of the discussions undertaken by Tokatlían and Hirst respectively, within this particular scholarly work, did not necessarily escape the singular focus on China and the US.

The underlying concern with emerging states rather than developing states in the dynamic is also evident in more recent work. Despite the suggestion by Armony and Xiao (2016) that there should be a space for "*Latin American Perspectives*," in discussion of China's rise, somewhat surprisingly, much of the discussion undertaken by the said authors remain largely China facing. As such, the authors emphasise China's broader international strategy within the Latin American region. This strategy of coopting Latin America into China's foreign policy is assumed to signal an elevation of the region in China's broader foreign policy outreach. Likewise, although Chimienti and Creutzfeldt (2017) do recognize the necessity of similar reference points in their analysis of Latin America's relations with China, the focus remains largely on China. Thus, even when focusing on "*Who wants what for Latin America*," within the account from the said authors, Latin American states are seen as more reactive players rather than active participants in shaping

Chinese influence at the ground level. As such, the account provided generally fails to recognise Latin American states as significant actors in their own right which seek to expand ties with emerging actors like China to facilitate domestic and external goals.

2.2.1 Preoccupation with the US role in Sino Latin America Caribbean literature

The tendency for the literature to be primarily preoccupied with the question of China and the US rather than Latin American or Caribbean states perspectives, is evident in much of the peer-reviewed literature. Fornes and Mendez (2018: 3) argue, “Latin America and the Caribbean are of the highest strategic importance to China in the great game of geopolitics.” While on the surface, such arguments may appear plausible, such narratives needs to be critically interrogated in an effort to determine the limits to such an argument and also to debunk certain myths associated with China’s rise in the region.

On one hand, it is understandable that concerns about China’s rise versus US influence occupy the literature on Latin America and China, given the salience of the US role in the region. However, deliberating almost exclusively on issues from the perspective of the US, can lead to narrow assessments of China’s engagement in the region. Doing so further undermines more rigorous and evidence-based analysis of China’s role within the Latin America Caribbean region. Thus leading to more perceptions driven rather than empirically based analyses that may provide more reliable portrayals of the actual engagement between the region and China.

The preoccupation with the US and China nexus in the Latin America Caribbean region in the scholarly literature correlates with broader ideas pertaining to more strategic intentions on the part of China to increase its influence vis-à-vis the US in the international system. Closely interlinked with China and the US are particular debates which place varying emphasis on conflictual or cooperative relations between the two (see Goldstein, 2001, 2005; Swaine and Tellis, 2001; Hakim, 2006; Blackwill and Tellis, 2015; Ikenberry, 2008; Foot, 2006; Shambaugh, 2013; Pillsbury 2015). The more restrictive analysis of China’s rise in global affairs has led Hirono and Suzuki (2014: 445), to contend more broadly that, “(analyses of) Chinese foreign policy continues to be structured by a powerful discourse which claims that China’s rise to power presents a unique and almost unprecedented challenge to the maintenance of the Western-dominated world order.”

Contradictory views on China's rise also permeate the Sino-Latin America Caribbean literature. Ellis (2017: 36) while taking a more measured approach to the US and China nexus in the region, point out, "(an) underlying question...is whether China's emergence as a global power, and an increasingly important partner for Latin America, will lead to hostile geopolitical competition with the U.S." Paz (2012:22) also postulates on whether China may be construed as a possible hegemonic challenge to US interests in the Latin American region. Nolte (2013:587) furthers those claims by arguing that China is a challenge to the US within its traditional sphere of influence. Nolte bases his argument on two underlying issues. One, he claims that China's growing economic presence may be viewed as a threat to US security interests in the region. Two, he envisages that China's presence may encourage particular states within Latin America to take a more independent course with the United States. Certain Chinese scholars do regurgitate similar claims when it comes to China's rise in Latin America. Hsiang (2006: 121), asserts that China is seeking to increase its influence in Latin America to counter-balance the US. Li (2007:838) while arguing that Beijing has attempted to be more accommodating of US concerns in Latin America, suggests that there is scope for increased competition by the two actors the hemisphere.

However, others such as Spanakos and Xiao (2010:238) instead contend that China has no interests in balancing US influence in its traditional sphere of influence. Likewise, Creutzfeldt (2015: 24) in postulating on the growing US and China dynamic in the region, argue that there is "strong evidence for a comparatively even-handed and fundamentally non-competitive approach (in China's rise in Latin America)."

These conflicting interpretations of China's role in the region further reinforce the need to advance the dialogue on Caribbean states and China beyond the more perception driven analyses that can underlie China's interactions with such states. Harris (2015:156), characterises the current literature on China and Latin America Caribbean relations as containing "biases, fears and misinformation" which lead to threatening perceptions of China's rise in the region. A more Caribbean and Latin American centered perspective within the literature can arguably debunk ideas of a China challenge to US interests in the region. While on the surface, these arguments appear to carry some validity, these claims are not necessarily reliable when interrogated against the empirical and normative evidence.

Arguments perceiving China as a threat to US interests in the region often overlook the domestic variables that may act as constraints to China's rise. Such issues have led Trinkunas (2016:23) to be quite circumspect in his deliberations on the US and China nexus in the region. Thus he posits that domestic politics and internal considerations are likely to shape China's influence in the region. Consequently, he concludes by cautioning that, "U.S. policymakers should be skeptical of the threat-based narrative that China is competing with or excluding U.S. influence from the region."

Furthermore, while the ties between the region and China are growing significantly, relations can be conflictual at the domestic level especially when accounting for the economic asymmetries in the relationship. As will be examined in chapters 5 and 7, China as a possible competitive threat to the region and China's modus operandi in development assistance as it pertains to labour can engender unfavourable responses at the domestic level. Such issues suggest that there are domestic challenges in engaging China. Kurlantzick (2006:34) draws on these possible impediments to China's rise in the region versus US influence by noting, "Yet, as China expands its presence in Latin America, many of its policies could risk a backlash, lessening its ability to threaten U.S. interests in the region."

The engagement between the Caribbean, Latin America and China is becoming increasingly more multi-faceted and complex. This signals the importance of facilitating a more nuanced assessment of the region's relations with China by taking into account how and why developing states in the Americas hemisphere have expanded their relations with China.

2.2.2 US policy, think tanks and media in Sino Latin America Caribbean literature

The predominant focus on the US and China in the literature rather than developing states perspectives, is further enabled by broader set of policy discourses influenced by US policy documents, think tanks and the media on China's rise in the Americas hemisphere. These will be discussed below as they constitute important strands of Sino-Latin America Caribbean literature together with the scholarly works examined above. While such sources often focus on western powers interests in the region's relationship with China, they nonetheless indicate important existing and unfolding trends in the interactions. They also highlight particular debates that shape the Latin America and Caribbean region's relationship with China.

(1) US Government policy

It may be worth acknowledging from the onset that US policy documents on China's presence in the Latin America Caribbean region rather than raising alarm, appear to be quite measured in their analysis of China's rise in the region. Between 2005 and 2016, under the Bush and Obama administrations, there was a similar policy¹ of concentrating on complementarities in the Chinese engagement with developing states of the Americas hemisphere. As such, there seemed limited efforts to cast China's relations with the region in competitive terms. While there is seeming evidence of a shift in rhetoric, pertaining to China's growing economic influence in the region under the Trump Administration post 2016, much of the formal policy on the region, depart from the more central idea of the "China threat thesis" in the Latin America Caribbean region.

US policy documents concerning China's rise in the LAC region appear to coincide with China's more outward economic turn to the Caribbean and Latin America starting in 2005. Although one might concentrate on this period, it may be asserted that China's presence in the region has been of continuous interest to the US prior. According to Myers, a Latin American specialist, "The U.S. government has been taking stock of Chinese interests in Latin America and the Caribbean since the 1990s when concerns surfaced about Hong Kong firm Hutchinson Whampoa running the ports on either end of the Panama Canal."² Ports within the Anglophone Caribbean (The Bahamas) was part of that acquisition by the Hong Kong based firm.

By 2005 Chinese President, Hu Jintao, had undertaken four visits to Latin America. This was followed by China's Vice President, Zeng Qinghong, who paid a visit to the Anglophone Caribbean in February 2005. The purpose of the visit was to attend the first China and Caribbean Economic Cooperation and Trade forum in Jamaica. Shortly thereafter, on April 6th, 2005, the US Government held formal hearings on China's growing involvement in Latin America, through the *Western Hemisphere Subcommittee of the House International Relations Committee*. According to Dumbaugh and Sullivan (2005:5) the said committee concluded that despite China's growing role in Latin America and the Caribbean, "the United States has been and will continue to be the long-term partner of preference." The hearing was then followed by a formal report to the US Congress on April 20th, 2005, entitled, "*China's Growing Interest in Latin America.*" *The U.S.-*

¹ CRS Report, "Latin America and the Caribbean: Issues in the 115th Congress," Oct. 2018, p. 8

² <https://www.chinausfocus.com/foreign-policy/does-china-understand-latin-america-better-than-the-us>

China Economic and Security Review Commission, created to monitor US and Chinese interests, also engaged with China's rise in the region. In its annual report to Congress in 2006, the report cited China's interactions with Latin America as one partly related to China seeking to increase its status as that of an emerging power.³

Moreover, the US government, under the Bush and Obama administrations, convened directly with Chinese officials on China's presence in the Latin America Caribbean region. Consequently, on April 14th, 2006, the first ever US and China talks on the Latin America Caribbean region was held in Beijing. The aim of the talk was to avoid possible miscalculations and conflicts as the two economic powers pursued their interests within the Latin American Caribbean region.⁴ The timing of the talks noted above, appeared to be of significance as it took place a few days prior to the arrival of Chinese President Hu Jintao on his first visit to Washington D.C on April 20th, 2006. These talks continued under the Obama administration (see Paz 2012: 3).

As already indicated, Trump's rhetoric points to concerns about China's rise in the region. The Trump Administration's *2017 National Security Strategy* cited China as a main challenge in the contest for power and declared it to be "a revisionist power."⁵ This is in line with the "China threat" thesis permeating part of the scholarly discourse. Regarding China's rising economic profile in the Latin America Caribbean region, the said document proposes that China "seeks to pull the region into its orbit through state-led investments and loans."⁶ As to whether this has any long-term implications for broader concerns regarding China in the region, remains unclear.

At the time of writing of the thesis, significant coverage by the *U.S.-China Economic and Security Review Commission* to China's rise in the hemisphere was provided in an October 2018 report entitled, "China's Engagement with Latin America and the Caribbean." China's rise as a creditor to the region and its increasing trading profile has been seen as having cemented to some extent, China's influence in the region. The said report also notes that China had thus far, provided \$150.4 billion to Caribbean and Latin American governments from 2005-2016 (p.201). However, while

³ https://www.uscc.gov/Annual_Reports/2006-annual-report-congress

⁴ Representing the US side, was Thomas Shannon, Assistant Secretary for Western Hemisphere Affairs of the US State Department. Zeng Gang, Director General of Latin American and Caribbean Affairs in China's Ministry of Foreign Affairs, represented the Chinese side.

⁵ <http://nssarchive.us/national-security-strategy-2017/>

⁶ <http://nssarchive.us/national-security-strategy-2017/>

the figures just quoted, appear impressive, it is important to maintain a sense of balance when it comes to analysing lending by China to both the Caribbean and Latin America. As will be discussed in chapter 4, while China has become a substantial lender, there is a sizeable but not so often quoted difference between loan commitments and actual disbursement of funds by China to the Caribbean. Also, not all projects where billions have been slated for investment have come to fruition thus far. This is due partly to a range of domestic issues ranging from environmental standards to other constraints. For instance, while China committed more than US \$1 billion to port infrastructure in Jamaica, as will be discussed in chapter 7, this project has not materialised.

Overall, it is likely that US policy documents will continue to shape debates pertaining to China's rise in the Caribbean and Latin America while also simultaneously informing the Sino-Latin America Caribbean literature.

(2) Think tanks

The role of think tanks in shaping debates and influencing policy has been extensively discussed by Diane Stone. Higgott and Stone (1994: 30) argue that the role of think tanks in foreign policy should not necessarily be overlooked. They posit that such institutions play a legitimising role in government policies. The link between think tanks and government policy is also made clear by Weaver (1989).

Several leading think tanks in the US have postulated on the Latin America and China dynamic as well as the tandem US role in the region. These include, *inter alia*, Brookings Institution, Inter-American Dialogue, Carnegie Endowment for International Peace and the Heritage Foundation. However, think tanks have yet to escape the more singular focus on China's interests and the US and China nexus in the region. Consequently, much of the research minimises the role of Latin America and the Caribbean in the fast-evolving relations between the region and China.

The Brookings Institute, a long-standing think tank in the US, has examined the evolving relations between China and the region fairly extensively. While largely concerned with the US, such accounts to some extent, unpack the growing dynamic between the region and China. In efforts to gain a better understanding of the unfolding phenomena of China's rise in the Americas hemisphere, Brookings have periodically gathered experts to discuss China's emergence and its

implications. One such gathering on May 31st-June 3rd, 2014, resulted in a compilation document entitled, “*Enter the Dragon: Risks from China to Latin America.*” China’s role as significant financier in the region was highlighted in this report. Increasing the IMF’s position within the region as a lender of last resort was a key recommendation within the report. Implicit in this recommendation was the need to reinforce traditional western influence in lending vis-à-vis China’s growing influence in the region.

The Brookings Institute continue to concern itself with providing insights on a number of issues impacting the US in the Latin America and China relationship. In 2016, it put forward a series of publications dedicated to understanding the possible implications of China’s emergence in the hemisphere. In the main, these articles largely provide descriptive information on China’s evolving influence in the region, without necessarily devoting much attention to interrogating the Caribbean or Latin American side of the equation. One such article by Piccone is entitled, “*The Geopolitics of China’s rise in Latin America.*” This article focuses more so on describing the economic trends in the relations and possible implications for the US. David Dollar also authored the article, “*China’s Investments in Latin America.*” Dollar examines the increasing role of China as a leading lender to the Latin America Caribbean region as part of China’s development aid and assistance. Thus, placing more attention on what China wants rather than why developing states are engaging China.

The Inter-American Development Bank (IADB) has made a concerted attempt to pursue more critical engagement of Latin American states relations with China. Thus, highlighting the challenges and opportunities in the interactions in various studies of China’s economic relations with Latin America. One such study is; “*Ten Years After the Take-off-Taking Stock of China LAC Relations.*” The IADB has also made some preliminary attempts to examine how Latin America can position itself to benefit from China’s emergence through its study; “*LAC Investment in China: A New Chapter in LAC and China Relations.*” Although the latter, does not extensively expand on how the region might seek to enhance gains in the interactions by targeting the Chinese side, this study does highlight the need for a broader perspective taking into account developing states interests in engaging China.

Think Tanks like Carnegie, have for a period of time, sought to provide somewhat balanced reports on the unfolding patterns in the Latin America Caribbean region's relations with China. In 2012, it examined China's economic diplomacy in the region in an article entitled, "*China's Rise in Latin America, A Global Long Term perspective*." The Inter-American Dialogue, has also consistently sought to assess China's rise within the Latin America Caribbean region and highlighted broader debates and issues surrounding the evolving ties. However, for others, such as the Heritage Foundation, discussions can be less nuanced in relation to the China and US factor in the region. For instance, coinciding with the increased influence of China in Latin America and the Caribbean in 2005, the Heritage Foundation, known for advocating for national defense agendas, called for the US to balance Chinese influence in Latin America and the Caribbean.

Given the significant development role that China is playing in the Caribbean and Latin America, an issue which will be explored in chapter 4 with regards the Caribbean, it is urgent that a better understanding of such developing states goals in the interactions be examined to facilitate more critical assessments of the relationship with China beyond the current discourse.

(3) Media

In engaging with the US and China nexus, journalistic accounts may not necessarily incorporate developing states concerns in their coverage of the triangular relationship. Moreover, in examining the relations, such sources may at times, prove to be a lot less reticent about the supposed China challenge to US interests in the region.

Forbes Magazine carried an opinion piece on January 31st, 2016, entitled; "*Undermining America While Washington Sleeps: China in Latin America*." Other more attention-grabbing headlines have also found its way in the New York Times. On April 7th, 2012, in an article entitled, "*China buying inroads in the Caribbean*" it was claimed that China "planting a flag so close to the United States has generated intense vetting - and raised some eyebrows (in US government circles)." In gauging China's increasing economic role in the Caribbean, the Economist on March 10th, 2012, headlined an article as; "*The Caribbean: Chinese Beachhead?*" In favouring more selective viewpoints, such press articles reinforce US interests in the dynamic while not always reflecting on how and why such developing states are engaging China.

It is then imperative that the discourse accounts for more critical assessments of China's rise in the region. Drawing from the perspectives of Caribbean and Latin American states facilitates a more nuanced understanding of the ongoing dynamic by enabling more rigorous and empirically based analysis of economic patterns between such states and China. This can facilitate more informed debates that go beyond possible misperceptions on the triangular relations between the Caribbean, Latin America, the US and China.

3. Method and Sources

This section explains the methods of the study. The section also focuses on justifying the use of particular cases within the study. It also further explicates on the data collection methods used in the study.

3.1 The Process Tracing Method

The thesis utilises the process tracing method, bearing in mind the significance of the causal factors in determining Caribbean states foreign policy behavior towards China. Bennett and Checkel (2014: 5) acknowledge, "the process-tracing method attempts to identify the intervening causal process – the causal chain and causal mechanism – between an independent variable (or variables) and the outcome of the dependent variable." Mahoney (2015: 200) suggests that this method can be used as a means of theory testing as well as theory development.

As such, the thesis employs process tracing as a distinctive methodological tool that can be used to analyse the causal mechanisms in explaining a particular outcome. Thus, given that the thesis is more broadly concerned with examining the structural and intervening variables in Caribbean states foreign policy behavior towards China, the process tracing method serves as a means of examining both empirically and conceptually, how and why these variables inform Caribbean states decision making vis-à-vis China.

Nonetheless, there are various drawbacks to this research method. One relates to the complexity involved in defining and obtaining the precise parameters for applying this method to research questions and hypotheses considered in various studies. As Bennett and Checkel (2014: 15) acknowledge, "the persuasiveness and probative value of each single causal-process observation is nonetheless debatable."

However, the use of process tracing as a research method does rely on the use of good knowledge of a particular case or unit of study. It also assumes a more thorough understanding of the issues to be examined by the researcher. As acknowledged by Mahoney (2015: 217), this “conceptualisation works well when one has knowledge of general causal patterns across a large population, allowing one to use this cross-case knowledge as a basis for judging the weight of the cause in the specific case under analysis.” In interrogating the variables argued to be influential in Caribbean states relations with China, the researcher has made extensive use of the scholarly literature on China’s relations with Latin America and other developing states. But also, illuminating the significance of such variables have been the author’s participation in the foreign policy process based on extensive engagement within the field.

The participatory process allowed for an in-depth and first hand encounter with the methods, rationale, actions and responses in foreign policy behaviour in relation to various agents. It also facilitated a familiarity with the environments that constrain as well as provide opportunities for actors in foreign policy. In allowing one to be fully immersed in the phenomena, the insights drawn from participant observation provided more valid and reliable analyses that may not necessarily be accessible through other very viable methods of research.

However, there are possible setbacks to the process of participation. Immersion has its own potential pitfalls in that the researcher being an “ordinary participant” (Spradley 1980:61), do have certain biases that may result in an increased level of subjectivity stemming from an insider perspective (see McCall and Simmons 1969:19). Conscious of this tendency, the researcher has relied on empirical evidence as well as triangulation of information from various sources to determine the significance of the causal factors which influence Caribbean states foreign policy behavior towards China.

3.2 Data and sources

The thesis utilises a mixed method approach to data collection and analysis. Thus, the thesis draws from documentary analysis, official government reports, the media and the broader scholarly literature on China’s engagement with the developing world. The use of a mixed method approach to research strategies have been examined extensively (see Axinn and Pearce, 2006; Bergman, 2008; Collins et al., 2006; Denscombe, 2010). For Axinn and Pearce (2006: 2) the method, “afford

special opportunities to use multiple sources of information from (several) approaches to gain new insights.” They note further, that apart from aiding in a triangulation of sources in an effort to provide a more reliable portrayal of the phenomena under observation, the mixed method approach is a “valuable strategy for producing a comprehensive empirical record about a topic.”

The mixed method approach to data collection is especially relevant to the study of Caribbean states relations with China. The issue which confronts many researchers on China’s development assistance to the developing world is that unlike traditional actors to some extent, there appears to be a lack of centralised official data for Chinese aid and technical assistance in the developing world, including in the Caribbean region.

Given these difficulties, data gathering relied on official government reports from the Caribbean which was triangulated across various media and institutional reports especially those emanating from ECLAC and the IADB. Information has also been sourced from China’s embassies in the Caribbean. Such triangulation methods for Chinese economic activities especially as it relates to lending have been utilized by Vivien Foster et al 2009 who published a World Bank report on Chinese Financing in Sub-Saharan Africa. Similar means have been utilised by US institutions in assessing China’s aid to the developing world (Aid Data). Gallagher et al (2012; 2015) also consulted a cross section of sources to triangulate data for Chinese financing in Latin America to determine the scope and nature of Chinese lending in the region. Concerns regarding a lack of clarity in terms of how China’s financial engagement is pursued on the ground persists thus far. However, it is perhaps important to view China’s aid as unique in scope in relation to the predominant global architecture within which aid and other technical assistance flows are defined (Brautigam 2011:753).

Additionally, for the purposes of this study, Chinese lending to the Caribbean is inclusive of both zero interest loans and those termed concessional loans given their respective interests rates. As will be discussed in chapter 4, the interest rates appear to be an average of 2-3 percent. Concessional loans generally come from the China Exim Bank and China Development Bank.

Moreover, to evaluate the trade dimension of the engagement, the thesis utilises data sets based on UN Comtrade data and World Bank- WITS data. These data sets are used to determine the trends

in the trade relationship between the Caribbean and China. The thesis also makes use of these data sets as a means of comparing China's growing trade influence in the Caribbean with that of the traditional actors like the US.

3.3 Justifying the case studies

Central to the research are two empirically based case studies which center on the economic dimension of Caribbean states engagement with China; financing and trade. Yin (2014: 19) concludes that case studies are a distinct form of empirical enquiry. George and Bennet (2004: 21), concludes that among the advantages of case study method is the examination of intervening variables to enable inferences on causal mechanisms. Likewise, Gerring (2004: 349) posits that enabling an analysis of causal factors is a key advantage of the case study approach.

The use of case studies is particularly relevant in analysing Caribbean states economic interaction with China given that it provides in-depth information on what may be regarded as bounded phenomena. In analyzing the case studies of interest in the thesis, two main economic phenomena observed on the ground in Caribbean and China relations have been considered. One is the increase in Chinese financing for infrastructure investments across the various Anglophone Caribbean states with which it has diplomatic relations. This has been a common theme across the region. Trade is the other observable economic trend which has defined Caribbean states economic interaction with China.

Rather than utilising a country specific case study, the research found it more useful to tackle the issue of Chinese financing and trade in the Caribbean as bounded phenomena generalisable across the Anglophone Caribbean region. These cases aid in discerning why Caribbean states have made the economic turn to China. These cases also serve as a means through which to examine the impacts of the economic relations, its implications in relation to the US role inside the region as well as Caribbean states responses to China's economic practices at the ground level.

4. Thesis structure

In examining Caribbean states relations with China, the thesis is underpinned largely by a Neo-Classical Realist and Foreign Policy approach. These approaches have dictated the organisation of the chapters. Hence the thesis is organised thematically.

Chapter 1 lays the theoretical groundwork for understanding Caribbean states foreign policy behavior vis-à-vis China. The thesis opts for a middle ground approach whereby it utilises the tenets of Neo Classical Realism together with insights drawn from Foreign Policy Analysis to analyse the relations. In drawing from such frameworks, the thesis accounts for the systemic variable, unit level processes and ideational factors that influence Caribbean states relations with China.

Chapter 2 seeks to examine how and why the geopolitical variable is significant in understanding Caribbean states foreign policy behavior towards China. It is important to establish the Caribbean's geopolitical structure as a key starting point for understanding its relations with external actors like China. The Caribbean region together with Latin America lies strategically within the American hegemonic sphere.

The neighbourhood within which such states dwell provides significant insights as to why their relations with China matters within the broader discourse on China's rise in developing states. This results in Caribbean and China relations and that of Latin America being regarded as a triangular dynamic whereby it is difficult to postulate on the region's rising engagement with China without reflecting on the fundamental US role in the region. Minus such a setting, it is invariably more difficult to appreciate the Caribbean region's diplomacy with China, its economic engagement and the perceptions that ensue in the region's interaction with China.

Chapter 3 examines how and why diplomacy is argued to be a key intervening factor in relations with China. The chapter illuminates how policymaking through bilateral and multilateral contexts, has been influential in shaping Caribbean states decision-making vis a vis China through Cold War and Post-Cold War phase of relations. During the former phase, policymaking rested strongly on ideological considerations while in the Post-Cold war phase of the relations, diplomacy became driven largely by pragmatic economic concerns.

Moreover, given that the economic variable is argued to be a principal intervening factor in the relations between the Caribbean and China, four (4) substantive chapters are dedicated to examining the how and why economic considerations have shaped the relations. Chapters 4 and 5 provide in-depth case studies that investigate Caribbean states economic engagement with China

via the lending and trade pathways. The said chapters also consider the impact of the domestic economic engagement at the domestic level. The findings suggest that the relationship involves both economic opportunities and threat, leading to a level of ambiguity in the economic interactions between the Caribbean and China.

Chapter 6 focuses on the broader implications of Caribbean states rising domestic economic engagement with China in relation to the US, a traditional economic actor inside the region. It therefore considers the extent to which Caribbean states increased commercial ties with China has impacted on US influence in the region in the realm of lending and trade, the two areas where Caribbean states have increased domestic economic ties with China. The findings problematise claims of US decline in the Caribbean and Latin America region amidst China's rise in the region. The findings suggest that that not only is the US economic role predominant in the region, China and the US are playing complementary rather than competitive roles in the region.

Chapter 7 examines the responses of Caribbean states to China's economic practices within the domestic context. This is done particularly in relation to China's trade and investment practices with respect to labour and environmental norms, two very relevant issues within the local context of Caribbean states domestic economic engagement with China. The findings reveal that the engagement may be mediated based on calculations of costs, benefits and risks in the commercial interaction.

Chapter 8 examines why perceptions are integral to assessing Caribbean states relations with China in the Post-Cold War context of engagement and the extent to which perceptions of threat in particular, are overstated in the relations. In a sense, chapter 8, goes back to where the thesis started by considering the geostrategic significance of the Caribbean, while also interrogating the perceptions often attributed to the region's engagement with China. The findings suggest that the relationship is largely driven by economic imperatives. It also shows that the region has to be considered as an area where western power influences are deeply entrenched. This then presents its own constraints to the rise of alternative powers in the region, including China.

The conclusion chapter seeks to reassess the main hypothesis of the thesis and reiterates the major findings of the study. It also sets out the limitations of the research and provides implications for further research.

Chapter 1: Theoretical Framework

Introduction

The chapter sets out the theoretical premise underpinning this research. The chapter first examines why theories of Realism, Constructivism and the Liberal framework of Complex Interdependence have been argued to provide insufficient explanations for Caribbean states foreign policy towards China. Doing so somewhat extensively as the preceding discussions will show, aims to shed light on the inherent inadequacies of more mainstream IR theories to effectively explain the foreign policy behaviour of developing states. The examination of such theories also implicitly highlight why the thesis argues for the utility of other conceptual frameworks such as Foreign Policy Analysis (FPA) and Neo Classical Realism (NCR) in analysing Caribbean states foreign policy towards China. The chapter then goes on to make the case for a combined approach of FPA and NCR in evaluating Caribbean states relations with China (see subsection 3.0).

As numerous as developing states are in the international system, they are often relegated to subordinate status in theorising in the broader field of International Relations. Recent works by Gvalia et al (2013: 98) and Doeser (2011: 222) suggest that despite the proliferation of small states in the international system, the factors that account for patterns of continuity and change in their foreign relations have received little systemic treatment in the literature. Although Braveboy (2003) examines to some extent, the statist and individual factors that influence Caribbean states foreign policy behaviour, the significant effects of systemic constraints are generally overlooked. Moreover, Hey (1998: 106) notes in reference to developing regions such as Latin America that, “little scholarly consensus has emerged regarding the driving forces behind the region’s foreign policy behaviour.” The status of the scholarly literature some years on, have not drastically shifted for the broader region.

The study of Sino-Latin America Caribbean relations has been construed as highly atheoretical by various scholars. In a review of Ellis’s book, *China in Latin America*, Feinberg (2011:222), acknowledges the tendency to neglect theory within academic studies on the region and China. Feinberg opines, “Frustratingly, Ellis does not offer a theory of international relations or power transitions to give shape to his voluminous ...observations of Chinese activities, and hence he does not provide a framework for predicting future behavior.” Blanchard (2016:553) also acknowledges

the relative dearth of research on China and Latin America's relations within more theoretically centered frameworks such as IPE scholarship.

The limited use of theoretical constructs to aid with a more systematic evaluation of Caribbean and Latin American states foreign policy towards China have partly led Wise and Myers (2016: 6) to observe that, "at least from the standpoint of China–LAC relations, we are still operating mainly at the level of stylized facts." The significance of situating the Latin America Caribbean and China relationship within IR scholarship has not been entirely lost on Strauss and Armony (2012). These authors advocated for a preliminary research agenda to move the discussions forward on China and Latin America relations.

In interrogating Caribbean states relations with China, the thesis examines the extent to which structural and intervening variables influence the relations. NCR proponents, theorise on the relevance of such factors for understanding foreign policy behaviour. However, in light of the significance of delving into the domestic "black box" to understand how unit level issues drive external relations, the thesis also utilises the FPA approach. In focusing on these conceptual constructs, the thesis concomitantly draws from various levels of analysis; whether systemic, statist or more individual and ideational aspects, to explain the Caribbean region's relations with China. Hence, the thesis does not depart from the perceived wisdom that the international system is an underlying determinant of Caribbean states foreign policy behaviour, but also seeks to show that intervening factors both material and ideational are essential to understanding the patterns of continuity and change in Caribbean states relations with China. Such elements have thus far escaped coherent scrutiny in the literature with regards to the Caribbean's interaction with China. Furthermore, they have not been investigated systematically in accordance with particular theories of International Relations or a theory of foreign policy.

2. Inadequacy of Realism, Constructivism and Liberal theory in explaining developing states foreign policies

Prior to critically assessing FPA and NCR which are the conceptual frameworks on which the analysis rests, this subsection examines Realist, Constructivist and Liberal assumptions in an effort to demarcate their various limitations in examining the issues of interest in the thesis. Examining

the insufficiency of these particular approaches further illuminate why the NCR and FPA approach are assumed to be better suited for examining the research questions guiding the dissertation.

2.1 Realism's limits

While Realism is an established theory of International Relations, Realism is unable to account fully for the foreign policy behaviour of developing states for various reasons. More broadly, the theory is geared towards explaining and predicting the behaviour of powerful states in the international system. Embedded in Realism is the focus on power. Developing states generally lack the commonly understood attributes of power including significant military and economic capabilities relative to other states in the international system. The focus on power is evident in the variants of Realism. Morgenthau (1985) argues that states interests has to be defined in terms of power. Waltz's (1979) influential work on Neorealism views the balance of power as providing its own imperative to state behavior across the international system.

In viewing inter-state relations through such lens, the outcome is that Realism has squarely placed its focus on largely powerful state actors in the international system. This ensures that the theory is able to selectively explain particular states behaviour under specific circumstances, rather than that of varied states in the international system. In instances where smaller or less powerful states may be of concern within Realism, such states often form part of adjunct explanations for the behaviour of more powerful states. Thus, from such a vantage point, developing states of the Latin America Caribbean region remains an aspect of power structures, not necessarily on their own accord, but as result of these states physical positioning vis-à-vis the US.

Further, the variants of Realism theory, appear to pursue more unit and systems level explanations in analysing International Relations. Consequently, this theoretical framework may not always account for the significance of ideational elements in inter-state relations. For instance, Waltz (1990:34) posits "Neorealism contends that international politics can be understood only if the effects of structure are added to traditional realism's unit-level explanations." However, such underlying contentions mean that the relevance of perceptual or more individual factors are not effectively examined under Neorealism.

Moreover, in failing to account for the foreign policy of secondary states, the theory of Realism obscures the extent to which developing states can attempt to become active agents in their external relations. Although small states are deficient in hard power capabilities, they do display a level of agency in inter-state relations. As Cooper and Shaw (2009:3) argue, “continuing bias towards re-ordering imposed by the big states ...should not hide the impact that small states have in rethinking and reconfiguring practices.... What small states lack in structural clout they can make up through creative agency.”

In pursuit of foreign policy aims, small states use a variety of instruments at their disposal to promote a level of agency in inter-state affairs. Thus, such states may utilise their natural resources, geographical positioning, public diplomacy and other assets to pursue their national interests in the foreign policy realm (Vital, 1967; Keohane, 1969). As Long (2017:14-16) observes, small states use varying strategies to transcend the resource based understandings of power and this may have its own productive effects. Developing states then seek to leverage their interests in foreign policy despite internal or structural constraints.

Given its underlying tenets, Realism offers limited scope for evaluating the research questions posed. The issues of concern in the thesis are better situated and analysed within the NCR framework coupled with that of FPA. These conceptual frameworks pay substantial attention to how and why systemic and intervening factors shape states foreign policy decision-making.

2.2 Constructivism’s promises and problems

Conventional Constructivists tend to view themselves as a bridge between two main rationalist approaches to International Relations, namely; Neorealism and Neoliberal Institutionalism. Wendt (1992:396- 403) proposes that in accordance with the principles of Constructivism, international and institutional structures are social creations and that persons act towards them in accordance with particular meanings derived from interactions. Adler (1997:323) argues that similar interlinking processes based on inter-subjective understandings of the social world are key to understanding state behavior.

On the surface, the Constructivist approach does hold some promise for analysing a variety of states foreign policy behaviour across the international system by taking into account the structural

and ideational elements that impact on foreign policy behaviour. Constructivism may then demonstrate how Caribbean states' perceptions of China as an emerging economic power subsequently shaped decision-making vis-à-vis China. As Wendt (1992) acknowledges, states have shared interpretations of their environment which are constitutive of subjective understandings that shape actors' interests. Thus, the emerging power configurations in the international system, influenced how and why ties between the Caribbean region and China rapidly evolved in the Post-Cold War period.

The Constructivist framework can also be a fairly good tool for understanding actors' perceptions of China within the Latin America Caribbean region given the geopolitical significance of the area in relation to the US. Caribbean states' foreign policy behavior is guided by perceptions of the external and internal environment within which they operate. As such, perceptions are critical to an understanding of Caribbean states' foreign policies. As Laffey and Weldes (1997: 193) posit, ideas allow for symbolisms which "enable the production of representations." These ideas can range from perceptions of threat to perceptions of opportunity. Thus, Constructivism shows some promise in terms of explaining how Caribbean states and other actors might interpret the region's engagement with China.

Employing the Constructivist approach as a theoretical device for understanding state behaviour can also shed light on how and why particular foreign policy decisions are made regarding China versus other possible alternatives. However, in analysing Caribbean states' relations with China, perceptions are only part of the concern, and does not necessarily constitute the key driver of Caribbean states' decision-making vis-à-vis China.

It then appears that the very ideational foundations through which the Constructivist approach obtains its explanatory and emancipatory power, especially when accounting for more critical versions of the approach, also succeed in limiting its application to various issues and research questions. Issues in inter-state relations are more complicated than the Constructivist approach suggests. Thus, there can be difficulty in examining certain factors in accordance with the more limited constructs imposed by Constructivism. Kratochwil (2000:88) highlights such concerns and argues that the Constructivist approach does raise a legitimate question regarding

“whether problems of political practice can be reduced to questions of reflective appraisal, altercasting or identification, or whether an interactionist perspective might be too narrow.”

In assuming that a causal chain of factors have influenced Caribbean states foreign policy behavior towards China, means having to apply a theory both as an explanatory and investigative tool. The extent to which Constructivism can effectively account for material considerations, engage with an operationalisation of the structural and intervening variables is arguably less so, than approaches such as FPA and NCR.

However, Constructivists have firmly and even admirably defended the applicability of their approach to a variety of research agendas. Klotz and Lynch (2014) suggests that Constructivists can broaden their research programme by drawing from a range of methods in Social Science research including ethnography and participant observation in an effort to align their research with existing methods. But this suggestion also implicitly recognises the difficulty of applying such research across a broad range of areas where issues are not centrally bounded by normative interpretations. Adler (2013:112) makes the persuasive argument that Constructivism has moved away from the many debates occupying the theory earlier on regarding its suitability for undertaking various research. Nonetheless, such contentions are quite subjective. While there may be wider agreement on Constructivist views such as the construction of social reality, it may be counter-argued that the approach has still not effectively transcended the conceptual, empirical and methodological debates that are still likely to occupy scholars when subjecting this theory to critical scrutiny and testing. These major concerns regarding Constructivism have been examined by Hopf (1998:171) who argues that there has been a “miscasting of Constructivism” on these grounds. However as will be examined below, research approached through Constructivists lens may still have to weigh those very issues carefully.

While agreeing to social construction of institutions or power structures, Constructivists place varying levels of emphasis on material aspects of relations in states interactions. Arguably, material interests may not necessarily be on par with ideas but instead are seen as intrinsically bounded by them. Onuf (2001: 240) goes as far as arguing that Constructivists have a well-known “distaste for material considerations and theories of rational choice.” On the other hand, Adler

(1997:322) is of the view that material issues inform our understanding of the world and conversely, ideas and interactions shape the material world.

However, rather than having a primary focus on the practical outcomes of states interactions, Constructivists pay a great deal of attention to normative interpretations of the material world. As Finnemore and Sikkink (2001: 391) suggest, “Constructivism is an approach to social analysis that deals with the role of human consciousness in social life. It asserts that human interaction is shaped primarily by ideational factors, not simply material ones.” Thus, in examining Constructivism’s attempts to interrogate the intersection of ideas and structures, debatably, the main focus of the theory is not necessarily on the significance of material conditions. The latter, is a key area of concern in the thesis.

The above issues are indicative of the debates that still underlie the Constructivist approach. A main concern of the thesis is to examine economic considerations as a key driver in shaping Caribbean states relations with China. There is then need to interrogate how and why economic factors are critical to understanding the relationship between the Caribbean region and China. It is then necessary to explain the nature of the economic engagement, its tangible impacts, its implications and the responses to the engagement. Thus, material issues are central to unpacking the Caribbean and China dynamic. The ongoing debates within Constructivism especially when accounting for more critical versions of theory, suggests the need for the research to utilise theoretical frameworks that more effectively bridge structural, material and ideational concerns.

Moreover, Constructivism may present methodological challenges in terms of investigating variables in an empirical manner in an effort to discern patterns and anomalies in order to postulate on likely outcomes based on data. In taking structures as socially constructed, this can impact how variables are measured and whether or not they can be effectively operationalised. While not entirely overlooking the applicability of Constructivism in enabling more rigorous empirical research, Finnemore and Sikkink (2002: 399), does acknowledge the theory’s continued problems in researching concepts empirically. They posit that operationalising fundamental ideas within Constructivism such as identity still presents difficulties based on its more ideational connotations. Coupled with this issue, the concept of identity varies dependent on time and context. Checkel (1998:339) contends that there is need for Constructivists to pay greater heed to research design.

The underlying problem of a socially constructed theory of the world, is also acknowledged by Fearon and Wendt (2002:56) and both admit that Constructivism does generate stronger levels of contention more so than mainstream approaches.

The methodological difficulties which can underlie the Constructivist approach, illustrate the possible limitations of the approach to particular aspects of the research. There is need to gauge the Caribbean and China interaction in reliable terms and so the thesis focuses on an empirically based analysis of the economic considerations in the relationship. The focus has been on operationalising the economic relationship into measurable outputs focused on Chinese financing and trade in the region. Doing so facilitates a more critical assessment of the economic relationship while also aiding with arriving at generalisations pertaining to the interaction (see chapters 4 and 5). The methodological difficulty apparent in Constructivism is more effectively overcome by an application of NRC theory and FPA insights as examined in subsection 3.3.

2.3 Insufficiency of Complex Interdependence

In examining how complex interdependence shapes states foreign relations, Keohane and Nye (1977) in their seminal work, *Power and Interdependence*, provide a centrally systemic perspective to inter-state relations. Consequently, they emphasise states linkages with power structures. Keohane and Nye propose that there are three interacting elements through which complex interdependence may be understood. They argue that this particular ideal type of international system is connected through multiple channels of communication. Within this system, there is an absence of hierarchy on issues and very significantly, military force is highly irrelevant in this overarching structure.

In merging power politics with the structural foundations of Liberalism, Keohane and Nye (1977) have offered persuasive lens through which to view Caribbean states relations with China, especially when considering the economic variables in the interaction. Complex interdependence illustrates the salience of global economic structures in influencing the Caribbean and China relationship while at the same time signifying its potential pitfalls as result of the vulnerabilities inherent in the structure. Within this broader construct of Complex Interdependence Keohane and Nye (1977:13) examined at some length the concept of vulnerability and defined vulnerability as a “liability to suffer costs imposed by external events.” Vulnerability can be ascribed to small

states economies ⁷ which are often closely intertwined with that of larger states due to historical, sociopolitical and economic factors. As Keohane and Nye (1977: 18) rightly argue, interdependence can breed asymmetrical power relations as more dependent actors can be more susceptible to the manipulation of power structures. Interdependence then results in not only cooperative relations but also has the potential to give rise to conflictual outcomes. Such issues are quite relevant when contemplating the relations between the Caribbean and China given their weaker bargaining positions as developing states with more limited resource capacities. Such issues are addressed in chapters 4, 5 and 6.

However, in emphasising the existing power configuration through which states interact, issues of actors agency, domestic concerns and ideational factors are given cursory treatment under the framework of Complex interdependence. This then undermines its suitability for examining the underlying research question within the thesis. In critiquing the work of Keohane and Nye, K.J Holsti (1978:523) argues “Since they examine their subject primarily from a systems perspective, the role of domestic politics and personalities is not covered thoroughly. These variables, of course, would be essential components of a formal theory.”

Despite its promise as a relevant conceptual framework through which to analyse the Caribbean and China relationship, one has to bear in mind the shortcoming mentioned. This strand of Liberal theory leaves open the question of ideational factors in foreign policy especially when juxtaposed against more convincing explanations such as Constructivism. The latter dissects more effectively how identities, ideas and interests shape relations among actors (see Wendt 1992). Therefore, while there is sufficient merit in inserting the Caribbean and China dynamic within a more Liberal framework, doing so does not necessarily capture the issue of perceptions and how and why it is important in understanding Caribbean states decision-making vis-à-vis China.

Moreover, structural elements while undoubtedly relevant, can obscure the level of agency deriving from domestic actors and other internal processes. Consequently, the framework of

⁷ The issue of vulnerability is an important one for small states economies and subsequently foreign relations. While outside the scope of the discussions undertaken above, there are relevant scholarly works which explore the subject in some detail. These include Briguglio; 1995, Easterly et al 2000, Guillaumont; 2009 and Cooper and Shaw; 2009.

Complex Interdependence illustrates more readily how less developed states are acted upon by emerging and established powers in the international system, rather than how developing states can be active agents in responding to and enabling particular processes and outcomes in the interactions.

As will be seen below, the FPA approach utilised in the thesis together with NCR draws more effectively from the assumption that actors have a central role to play in foreign policy. Hence, Hudson (2005:1), suggests, “all that occurs between nations and across nations is grounded in human decision makers acting singly or in groups.” Grasping such a position suggests that a more comprehensive framing of states foreign policy behavior has to account for a level agency by various actors in the dynamic. Elite decision-makers may seek to derive opportunities from structure while also being constrained by such. In the Caribbean and China relationship, diplomacy as evidenced by elite decision-making has influenced the deepening of the relations between the Caribbean region and China. States have utilised their agency in helping to facilitate the development of new cooperation structures in the dynamic. Consequently, the Latin America Caribbean region and China have created various bilateral and multilateral fora in an effort to further mutual interests as will be seen in chapter 3.

While Complex Interdependence highlights the salience of structures, by accounting for states agency, domestic processes and the perceptions that ensue from Caribbean states interactions, the FPA and NCR approach, enable a more critical assessment of the factors argued to be influential in the Caribbean and China relationship.

3. FPA and NCR frameworks for evaluating foreign policy

Having discussed the inadequacy of Realism, Constructivism and Complex Interdependence in relation to the underlying research question, this subsection discusses FPA and NCR as suitable frameworks for understanding the evolution of Caribbean and China relations.

3.1 Foreign Policy Analysis (FPA) framework for evaluating foreign policy

The field of FPA although not quite attributable to a theory of foreign policy, has made significant inroads in showing the importance of opening the “black box” of foreign policy to analyse the decision-makers, perceptions and the systemic issues that may provide insights into states foreign policy behaviour. Early work in FPA proposed by Snyder, Bruck and Sapin (1954) looked at

decision-makers acting on behalf of states as an important factor in understanding foreign policy. Snyder et al (2002: 5) acknowledged that “by emphasizing decision-making as a central focus we have provided a way of organizing the determinants of action around those officials who act for the political society.”

The impact of decision-makers on foreign policy-making has also been examined in Graham T. Allison’s seminal work, *Essence of Decision-Making: The Cuban Missile Crisis* (1971). Allison (1971:44) first looked at individual decision making through the rational actor model and argued that the historical, cultural and perceptual lens of individuals can have an impact on the decision-making process. A second model focused on organizational bureaucracies, institutional cultures and protocols which can influence particular foreign policy outcomes. The third model of decision-making examined government actions which are coordinated by a group of people with common aims although “leaders are not always monolithic.” Allison acknowledged that the latter shows that foreign policy decision-making is not simply based on rational choice or bureaucracies, but a complex set of push and pull factors inherent in politics itself and expressed in the mode of government decision-making.

The salience of decision makers in the foreign policy process is still very much recognised within the current wave of scholarship on FPA. Valerie M Hudson (2005:5) contends that among the hallmarks of foreign policy analysis are the view that explanations of foreign policy decision-making are indeed multifactorial. Explanatory variables from all levels of analysis including the most micro and macro, are of interest to the extent to which these affect the decision-making process.

In determining Caribbean states foreign policy behaviour towards China, groups, individuals and bureaucracies, do have an impact on foreign policy. Actors such as government officials, the public realm, and China’s state-owned enterprises, are all significant players in the Caribbean and China relationship. These might be regarded as the domestic conduit for decision making and implementation in relations with China. It is then important to evaluate the role of state decision making in an effort to situate how and why significant elements like diplomacy shape Caribbean relations with China.

The field of FPA also stresses the significance of analysing available data, economic or otherwise, relating to particular issues that can be of relevance in examining foreign policy behaviour. In instances where foreign policy decisions are not necessarily part of the public domain, some like Hudson (2013:5), advocate for evaluating “artefacts of decisions – the traces that decisions to act leave in newspapers or chronologies, and which are eventually concatenated into histories.” The significance of doing so lies in the fact that foreign policy can involve negotiations, terms and conditions that may not readily be available in the public realm.

One of the criticisms pertaining to China’s engagement with developing countries is that on the Chinese side, information pertaining to elements such as aid and technical assistance is not always clear cut and forthcoming (see Brautigam, 2012). As such, a more nuanced and approach has to be undertaken in order to more effectively investigate and gauge developing states interaction with China. However, decisions pertaining to foreign policy not being part of the public domain is not unique to China, but can be attributed to states across the international system to some extent.

Thus, in seeking to analyse the Caribbean’s foreign policy behaviour towards China, “events data” finding itself within various mediums of public discourse such as the media can be an indirect but nonetheless important means of investigating the Caribbean’s interaction with China. These sources illustrate implicitly and explicitly what the likely responses have been to Chinese engagement and how the interactions are perceived at the ground level in terms of the challenges and opportunities involved in Caribbean states domestic economic relationship with China.

Furthermore, FPA recognises that in certain instances, foreign policy behaviour cannot necessarily be rigidly confined to the state, system or individual levels as inter-mestic considerations based on an interaction of various levels of analysis, can influence the decision-making process. Carlsnaes (1992:263) acknowledges that it is important to “analyse foreign policy actions in terms of a dynamic account of the ways in which such actions are continually being constrained and enabled by contextually defined structures, and ...in turn are affected by human agency.” Putnam in his work, *The Logic of Two Level Games*, argues for the systemic and domestic to be conciliated in order to truly grasp foreign policy. Hence, Putnam (1988:427) posits, “It is fruitless to debate whether domestic politics really determine international relations, or the reverse. The answer to that question is clearly both.” For Caribbean states, perceptions based on structural factors such as

the US role in the region as well as domestic ideas pertaining to China's role in the region, can impact on decision making in relations with China.

3.1.1 Criticism of FPA approach

However, notwithstanding the strengths of FPA as a viable tool for evaluating foreign policy, a general concern with the FPA approach has been that while focusing on multi-causal analysis is a laudable goal, it can give rise to a multi-faceted focus on several variables which can be crucial or even epiphenomenal to foreign policy behaviour. Thus, what can be FPA's strength in helping to look at and below nation states, in analysing foreign policy behaviour, can also be a handicap. McCloskey (1962:201) argued succinctly that "the inordinate complexity of [FPA] as it has so far been outlined, is unquestionably its greatest shortcoming."⁸ Within the present wave of FPA, Valerie Hudson (2014) makes allowances for much the same critique.

In the Caribbean and China relationship, foreign policy is constrained not only by internal processes but also by China's own domestic interests at various points in the relationship. The dynamic is also impacted by a host of other factors including these small states inherent vulnerability to various structural economic processes given their interdependence and dependence on traditional and established actors like the US, UK, and EU. Within this multiplicity of factors, it is important to consider those that actually drive the Caribbean and China dynamic, while also being mindful of the subjectivity in doing so. Thus, a singular focus on FPA, may not necessarily be sufficient for evaluating the Caribbean and China relationship.

It may be asserted that FPA has attempted to deal with these concerns stemming from the multi-causal nature of foreign policy. From the initial wave of the scholarship dating back to the 1950's and 60's, FPA scholars have sought to systemise their analyses into a more explanatory and predictive framework. Therefore, to address those apparent weaknesses, a more theoretical approach to foreign policy analysis was initially advocated by James Rosenau (1968). Rosenau made an early case for the use of independent, intervening and dependent variables in analysing foreign policy behaviour. Rosenau's view of independent variables for instance was not only conceptualised as elements external or independent of state actors but also as processes which can

⁸ Quoted in Hudson Valerie (2007: 5)

be internal to the state. The latter aspect is a proposition that can be regarded as problematic given that internal variables can often be relegated to the domestic realm.

In specifying intervening variables, Rosenau (1968:314) looks at attitudes and policymakers views as an integral part of foreign policy. The dependent variable, was described as the “responsive stage” of these various interactions. But even with the more behavioural model proposed by Rosenau, a theory of foreign policy has long escaped the field of FPA. However, Rosenau’s earlier conceptualisations would provide a means of mapping the significance of a more methodological approach to foreign policy analysis. The interaction of independent, intervening and dependent variables which could provide more explanatory and predictive force to FPA was more successfully integrated under Neoclassical Realism as a school of foreign policy.

3.2 Neoclassical Realism: A Theory of Foreign Policy

The theory of Neoclassical Realism (NCR) was first proposed by Gideon Rose in 1998 as a “school of foreign policy.” Rose undertook a review of works by Michael E. Brown, Thomas J. Christensen, Randall L. Schweller, William Wohlforth and Fareed Zakaria. Rose (1998:153) argues that “what sets the authors under discussion apart as a distinct school worthy of recognition is both the common nature of their quest to develop an explicit and generalizable theory of foreign policy.”

NCR’s links to Classical Realism as well as Neorealism has been much deliberated upon the literature and for good reason, after all Gideon Rose considered the theory as “updating and systematizing certain insights drawn from classical realist thought.” However, equal attention has not been paid to the methodological aspect which lends this school of foreign policy added theoretical rigour. Gideon Rose (1998:146) argues that within NCR is a “distinct methodological perspective (which) flows from Neoclassical Realism’s theoretical arguments.” Ripsman, Taliaferro, Lobell (2016:114) made a very recent effort to look at the methodological approach that has so far defined Neoclassical Realism and note that the “value-added of any neoclassical realist theory, therefore, lies in its ability to predict and explain political behaviour.”

It may then be posited that the level of methodological abstraction imbued in NCR, makes generalisations across states possible. Gideon Rose: (1998:166) makes the case that “the theory’s

basic concepts are simple and generalisable across cultures and political systems.” In examining the applicability of NCR for understanding the foreign policy of both developing and developed states, Lobell et al (2009:43) goes further and states:

Given Neoclassical Realism's central task of looking at how unit level processes, including, power capabilities, leaders perceptions and national priorities interact with transnational processes to influence foreign policy, it can be used to explain, the foreign and security policy of great powers, but can also account for the distinctive characteristics of regional and small powers, developing countries, or divided, warring, or failed states to mention a few other types of states.

The methodological framework of NCR focuses on “how” we understand, evaluate and analyse foreign policy processes in much the same manner employed by International Relations theorists for interpreting inter-state interaction. Thus, the three main levels of analysis; the international system, the state and individual factors all serve as means through which to analyse foreign policy and International Relations more broadly. Neoclassical Realism employs a method of evaluating foreign policy through independent, intervening and dependent variables (see Gideon Rose 1998:167).

The independent variable provides the autonomous structure through which foreign policy takes place and consequently, rest on inputs based on the international system, making it possible to equate the independent variable under NCR to the international system. As pointed out by Rose (1998:152) the intervening variables are the factors through which “states interpret and respond to their external environment,one must analyse how systemic pressures are translated through unit level intervening variables such as decision-makers' perceptions and domestic state structure.” The dependent variable is regarded by NCR as the foreign policy choice or outcome.

It might then be posited that the success of NCR as a theory of foreign policy applicable across various types of states in the international system can be said to lay in part in the theoretical framework's ability to transcend the theoretical limitations of Classical Realism. The methodological approach also increases its theoretical rigour in terms of its validity and reliability. It also enhances the theory's explanatory and predictive capacity in analysing foreign policy behaviour.

While relatively “young” as far as theories go, having put forward its core tenets in the 1990's, it's become a viable framework to evaluate foreign policy. In accordance with NCR, it is not enough

to see foreign policy as subjected wholly to international system variables. It is also important to look at the state factors that interact with systemic elements to determine foreign policy behaviour.

Therefore, the thesis has argued for focusing on a core structural factor that shape Caribbean relations with China and that includes the geostrategic significance of the region in relation to the United States. The thesis also asserts that key intervening material and ideational factors in the Caribbean and China dynamic are essential to understanding the relations between the two. In doing so, there has been a focus on policymaking, economic interests as well as the perceptions underlying the engagement between the Caribbean and China.

3.3 Combining NCR and FPA

Having provided an analysis of the FPA and NCR framework, the discussion now turns to the reasons for a hybrid approach of NCR and FPA. Generally, in utilising the two approaches, the thesis attempts to bring together the varying strengths of each framework to help analyse Caribbean foreign policy behaviour towards China. As succinctly argued by Wholforth (2008: 40), “(NCR) make it easier to perform the key mental experiments that lie at the core of FPA by helping analysts frame their assessment of the external constraints and incentives states face.”

NCR’s methodological framework provides a meaningful way of harnessing what critiques have found to be FPA’s tendency to gravitate towards a multi- causal approach to foreign policy analysis which can open up the possibility for epiphenomenal explanations of particular issues under evaluation. Therefore, the thesis has argued for focusing on a core structural factor that shape Caribbean relations with China and that includes the geostrategic significance of the region in relation to the United States. While FPA does not discount systemic factors, an important point to bear mind, is FPA’s insistence that to truly understand foreign policy, one needs to engage with the “black box” of state decision-making. According to Hudson (2005:6), in taking into account the groups, bureaucracies as well as the psychological and societal milieu of foreign policy decision-making, FPA shows the significance of going at the level of and below the state, to gain a more in-depth and valid evaluation of foreign policy.

The Caribbean’s relationship with China does not only take place within the context of a structural geopolitical framework which provides constraints and opportunity and neither is it purely driven

by domestic economic interests, despite the salience of this underlying factor. The relations also occur within a perceptual environment where social construction of the world based on a mixture of norms and ideas may create particular outcomes and decisions in Caribbean states foreign policy formulation and implementation.

Moreover, the recognition of states agency in foreign policy does not necessarily escape consideration by either FPA or NCR, therefore enhancing the relevance of these frameworks for analysing the concerns of the thesis. In merging NCR insights with FPA, due attention is given to internal processes and key decision-makers in foreign policy. In analysing actors as part of unit level processes, FPA implicitly recognises states agency. Hudson and Vore (1995:209) that there is need to account for “human political choice,” in interpretation of inter-state relations.

As discussed, the role of decision-makers in inter-state relations has been a core concern within FPA. Earlier works such as Allison (1971) and Frankel (1963), have highlighted the significance of actors as key aspects of policymaking. Byman and Pollack (2001) also point to the significance of individual leaders in the foreign policy process in their article, “*Lets Praise Great Men.*” Aside from the subjectivity apparent in such a title, the consensus is that individuals do play a significant role in inter-state relations and this may not necessarily be overlooked entirely in foreign policy.

NCR also does not necessarily shy away from issues of states agency even while recognising the salience of internal and external constraints in state foreign policies. In highlighting the significance of policymakers in interpreting not only power structures but structural constraints, NCR adherents such as Rose (1998: 168-169) recognises actors as an integral part of the foreign policy process. Likewise, Zakaria (1998:24) views government decision-makers as having a key role in external relations. In recognition of the salience of decision-makers, the thesis examines policymaking as a key intervening factor in Caribbean states relations with China.

Within the context of developing states relations with China, decision-makers acting via bilateral and multilateral channels often have a key role to play in the evolution of the relationship. As will be seen in chapter 3, leadership interests carried out within the confines of structural frameworks and systemic economic changes, have influenced how and why Caribbean states relations with China further intensified.

Both FPA and NCR account for the foreign policies of varying states and this further strengthen their applicability for the research question. Thus, as mentioned previously in subsection 2.2, NCR proponents like Lobell et al (2009) find the theory particularly relevant for analysing the foreign policies of varying states. In drawing on the relative material power capabilities of states as an important indicator of its foreign policy behaviour, NCR theory suggests those states with less or limited power as ordinarily understood, are affected in the pursuit of key foreign policy goals (see Rose 1998: 150). In terms of FPA, its focus on unit level processes allows for an analysis of both developing and developed states foreign policies.

4. Conclusion

The chapter first sought to examine the inadequacies of prevailing theoretical frameworks within IR for addressing the research problem. The chapter then proposed the use of a “hybrid approach” based on NCR and FPA to analyse Caribbean states foreign policy behaviour towards China. As discussed, while theories such as Realism, Constructivism and Complex Interdependence, a strand of Liberalism, had particular merits in terms of analysing the research question, overall these theories were ill-equipped to deal comprehensively with the issues of interest in the thesis.

Realism’s inordinate focus on power and leading actors in the international system, suggested that it does not necessarily treat developing states as subjects to be theorised upon in International Relations and neither does it account for developing states agency in the foreign policy process. Although power is an implicit aspect of Caribbean states behavior towards China, due to the critical US factor in the region, Realism is unable to fully account for the causal factors in such states relations with China.

As discussed, while Complex Interdependence illustrates the significance of power structures and vulnerability, both of which are important concepts through which to view developing states interactions in the international system, domestic processes and agency in small states foreign policy behaviour, remain largely unaccounted for. In examining the Constructivist approach, it was shown that while it may more effectively account for ideational variables given its focus on ideas, the various conceptual and methodological debates inherent within Constructivism hinders its suitability for operationalising key economic and political variables in the thesis.

As stated, the thesis has utilised a combined approach of FPA and NCR to examine the Caribbean and China relationship. An important contribution of NCR is its distinct methodological preference for evaluating the causal variables influencing states foreign policies (see Rose; 1998 and Lobell et al; 2009). In integrating structural effects, unit level variables and that of intervening ideas, NCR is able to systemise the causal factors in states foreign policy.

This systematic approach also allows for an interrogation of the specific variables of interest to the researcher. It is then important to see NCR not only as an explanatory and predictive mechanism for analysing foreign policy, but also a methodological approach. This methodological rigour is an element that is often seen as lacking in FPA despite the latter's effectiveness in examining unit level processes which inform foreign policy behaviour as discussed. NCR then is a particularly useful theoretical and empirical tool for analysing how and why particular political, ideational and economic variables influence the Caribbean ad China dynamic.

Moreover, as discussed, NCR like FPA, allows for the relevance of actors preferences and decision-making at the state level through its concentration on intervening ideas and domestic processes. In doing so, both frameworks provide insight into states agency in the foreign policy process. The thesis is chiefly examined from the perspective of Caribbean states rather than the more China-facing approach, evident in much of Sino-Latin America Caribbean literature. Therefore, enabling a view into the aims of these developing states in relations with China as well as their external and internal constraints.

Chapter 2: Caribbean States Relations with China: the geopolitical structure and US role

Introduction

The Caribbean region's geostrategic position is construed as a key structural variable in Caribbean states relations with China. To understand the systemic structure within which Caribbean states foreign policy-making occurs, the neighbourhood within which such states dwell, provides a starting point through which to gauge the foreign policy behaviour of those states vis-à-vis China. Thus, the thesis starts with a basic perhaps even self-evident premise that given the Caribbean region's geographical proximity to the United States, the US matters in Caribbean states relationships with China. Conversely, Caribbean states rising interactions with China do have economic implications for the traditional US role inside the region.

This geostrategic significance is what differentiates the Caribbean and Latin American region from other developing areas where China pursues its economic statecraft, as none others lie directly in the US hegemonic sphere. Therefore, incorporating the US role as a systemic variable enables a better appreciation for and understanding of why the Caribbean region's relationship with China matters not only within the domestic sphere of engagement but also within the international context. Such a structural factor also sheds light on how Caribbean states relations with China has evolved, the nature of the relationship, its impacts and the implications of the growing ties with China. An analysis of the Caribbean region's geopolitical structure also makes it possible to later interrogate the accompanying diplomatic, economic and perceptual dynamics which ensue between Caribbean states and China as examined in chapters 3, 4, 5, 6, 7 and 8 respectively.

The chapter examines the question; to what extent has the geopolitical significance of Caribbean states in relation to the US shaped the region's foreign policy decision-making towards China? The chapter argues that while Caribbean states relations with China occurs within an overarching geopolitical framework, and the resulting power structure tacitly influences foreign policy behaviour towards China as an emerging economic power, Caribbean states have secured relatively autonomous spaces for decision-making regarding China based on mutual political and economic interests. Nonetheless, there is an inherent logic which guides Caribbean states foreign relations with China. Such logic is based on an understanding of the systemic advantages and constraints that come with such strategic positioning.

The chapter aims to further an understanding of the space in geopolitical terms in an effort to examine why geopolitics cannot be entirely discounted from the engagement between Caribbean states and China. The chapter seeks to reveal that the Caribbean region's geopolitical salience is embedded in material considerations which derive from the region's proximity to the US and the significance of the Caribbean Sea in global commercial processes. Thus, economic utility and geographical location make the Caribbean region a strategic space in relation to US interests. Such underlying elements have prompted the US to express a range of foreign policy pronouncements on the space centered on ideas relating to its pre-eminence in the region. The chapter also seeks to place in perspective, the triangular relations resulting from the triad of interests in the space, including that of Caribbean states, China and the US.

The chapter is divided into two main sections. The first section asserts that material conditions as well as practices embedded within a framework of ideas have promoted the Caribbean region's geopolitical significance in relation to the US. This then gives rise to a three-fold dynamic involving not only Caribbean states interests in cooperating with China, or even China's aims in engaging Caribbean states, but also, the implications of those interactions for the US role in the region. The second section contends that while Caribbean states relations with China occurs within an overarching geopolitical structure, Caribbean states engagement with China is motivated primarily by domestic economic interests.

The chapter not only sheds light on the US role in the region. Critically, it concurrently illuminates the significance of the Caribbean region in broader debates on China's rise in the Americas hemisphere. The chapter contributes to providing significant insights into the particular power configuration which impinges on Caribbean states decision-making vis-à-vis China. It does so by examining the more precise features within the Caribbean region that makes it such a geopolitically sensitive area.

The chapter also contributes to highlighting why the Caribbean region's relationship with China matters within the broader context of China's engagement in the developing world, notwithstanding the limited scholarly attention paid to the Caribbean region in discussions on China's rise in the Americas hemisphere.

Section 1

2. Setting the context: the triangular relations between Caribbean states, China and the US

The Caribbean and Latin American region is *suis generis* a strategic area inextricably linked to US interests. The rise of China in the region is not only of internal significance but is also relevant at the structural level in terms of the US role in the region. The Caribbean region has at times been referred to as the “US backyard.” This phrase signifies the interconnection between the US and the region while also connoting the power imbalances which exist in the relationship. Thus, Maingot and Lozano (2005: 1) suggests; “no other region of the world has had a relationship with the US similar to that of the Caribbean. For one, the dramatic asymmetry in power, accompanied by geographic proximity, made the region easily accessible to a variety of US designs, because the two factors, power and proximity, have not changed, there has been a substantial degree of continuity in the fundamental nature of US Caribbean relations.”

But despite the underlying inequities between Caribbean states and the US, the relationship is also one that is fundamentally interdependent. This leads to the US incorporating the Caribbean and Latin American region as key points of concern in its relations with emerging state actors in the international sphere, including China. Although the more benign role of China in the Caribbean region does not appear to conflict with US interests, China’s emergence in Latin America and the Caribbean region, has not necessarily escaped attention in US government circles. As far back as 2008, US Officials at a *Hearing of the Subcommittee on the Western Hemisphere*, proposed that China’s rise in the Latin America Caribbean region could prompt the US to reorder its priorities in such a strategic area.⁹ Likewise, the US factor also becomes a significant element in the region’s foreign decision-making, particularly in relation to non-traditional powers like China.

In conceptualising the China and Latin America Caribbean relationship, some scholars tend to view it as necessarily triangular (see Ellis, 2012; Peters et al, 2013; Denoon, 2017). Ellis (2012:1) acknowledges this three-way dynamic and notes:

“It is difficult to talk about the PRC’s significant expansion in the region without reflexively thinking of the reaction of US policymakers or the possible impacts on US corporations and interests. Ironically, China’s own political traditions and strategic interests also lead it to pay particular attention to the United States as it engages with Latin America (and the Caribbean).”

⁹ <https://www.gpo.gov/fdsys/pkg/CHRG-110hhrg42905/pdf/CHRG-110hhrg42905.pdf>

Consequently, Caribbean states and China are acting within embedded power structures informed by the fundamental US role in the region. Their relations are invariably regulated by that systemic variable even when not necessarily wholly defined by it. As acknowledged by Ross (1993:4), “A state's position in a particular international structure creates characteristic behavior. In the case of the strategic triangle, a central issue concerns how each state, due to its position *vis-à-vis* its counterparts, develop a unique response to triangular pressures.”

Small states then focus on means of maximizing the advantages of the structure while also seeking to minimise possibly adverse effects from it. As such, Caribbean states relations with emerging actors like China have been focused on augmenting China's role in areas that promote economic development goals, while seemingly largely sidestepping cooperation strategies that may have residual strategic effects. Likewise, the same may be attributed to China with respect to its engagement with the Anglophone Caribbean.

2.1 The US role and China's rising role in the Caribbean region

Given the region's geopolitical significance, there are two scholarly camps within which the Caribbean and Latin America's rising interaction with China may be construed. On one hand, the debate on China's rise in the Caribbean and Latin America focuses on China as a benevolent and commercially driven actor (Creutzfeldt, 2015; Spanakos and Xiao, 2010; Chai and Yue, 2019).

The opposing view relates to the “China threat thesis.” In accordance with this view, there is a risk of China's engagement in the Caribbean and broader Latin American region slowly mushrooming into more strategic endeavors that go beyond economic engagement. According to such conceptualisations, China's role could either serve as a means of reducing American influence in the hemisphere or even later serve as a counterweight to its traditional influence (see Dreyer, 2006; Ellis, 2009; Hsiang, 2006). Certain scholars have called for China's foreign policy abroad to pay attention to states which are geopolitically significant. Thus, Boon and Ardy (2017: 121) argue that small states with certain “property power” should figure more prominently in Chinese strategies abroad. Consequently, they assert that such power may relate to natural resources or a “propitious geographical position” relating to either proximity to leading powers or location at key points of the global system. The Caribbean region is geopolitically significant in accordance with the criteria outlined.

The geopolitical nature of the space has partly led to claims by scholars and pundits alike, that China's interests may have strategic connotations. However much of the claims are not supported empirically or interrogated critically. Aside from paying inadequate attention to the actual overarching power structure within which the Caribbean and Latin American region exists, these assumptions generally fail to closely interrogate internal norms and values as well as the domestic considerations that can impinge on third actors foreign policy aims in the space. Thus, many of the claims appear to be somewhat un-critical in their assessments of the three-way interaction between the Latin America Caribbean region, China and the US. For instance, Lanxin (2008: 44) argues, "China's success in expanding its influence in Latin America is changing the geopolitical dynamics of the Western Hemisphere." Likewise, Lei Yu (2015: 1047) posits that President Xi Jinping has propelled an "economic and geopolitical orientation towards Latin America (and the Caribbean)." Yu opines that doing so is a means of creating a sphere of influence in the US backyard as a way of reshaping the present global order. This turn to Latin America, according to Yu, can be used to counter US encirclement of China in Asia. However, Yu fails to expand on the likely internal and external limits to such an approach.

Closely tied to the discourse on the triangular relationship, is an underlying debate pertaining to the possibility of a decline in US influence in Latin America and the Caribbean. Consequently, China's rise is at times perceived to have an adverse and more competitive impact on the US role in the region. Toro Hardy (2013:115) argues that China's ascent has already profoundly shifted the economic dynamics in Latin America. Thus Hardy dedicates a substantial portion of his book to the notion of US decline as opposed to China's rise. Urdinez et al (2016) devote some attention to Chinese economic statecraft in Latin America and the possibility of US decline. Employing statistical methods, the authors attempt to illustrate that the possibility of China's increasing economic influence in the region vis-à-vis the US, may not be whole-heartedly dismissed. In examining China's geo-economic impact on Latin America Denoon (2017) asserts that China's economic clout in the region have already dispersed US influence in respective Latin American states. But while this might as well be the case for certain states in Latin America, in relation to specific product structures like that of agricultural goods in Brazil (soy) and oil in Peru, one still needs to retain a sense of perspective regarding the still unfolding dynamics. The variegated influence of China in the region as opposed to the US, should be given more careful consideration

in an effort to draw a generalised portrayal of Chinese economic engagement across the region (see chapter 5). Studies that seek to do so, are still few and far between.

The arguments relating to the displacement of traditional US economic influence in the region, although premature, do obtain a level of purchase in the writings of observers and pundits alike. The SCMP, part of Chinese media, although by no means consistent in such assertions, does at particular points in time, insert more competitive rhetoric in the triangular dynamics. Hence, in examining the relations it states, “China is also using its economic clout to win diplomatic allies and challenge US supremacy and its dominance in the region. Beijing is intent on making friends in the US historical sphere of influence to match America’s allies in East and Southeast Asia.”¹⁰ Prior to this assertion, the SCMP, also claimed similar intentions by Beijing in a commentary, entitled; “*China maps new road to Latin America to rival and check US influence.*”¹¹

A more nuanced approach to China’s rising involvement in the Caribbean region is called for in an effort to attain a more critical assessment of the underlying triangular relationship. Conflictual notions arising from the Caribbean region’s geostrategic position may not necessarily be over-emphasised in the relations between the Caribbean and China. Chinese officials, despite the rhetoric of particular scholars and selective media, are seemingly disinterested in articulating a hegemonic agenda in the region, preferring instead to focus largely on south - south economic and social cooperation tied to the Caribbean region’s development needs.

As explained by Breslin (2009 :819), “Official Chinese statements constantly reiterate the line that China does not and will never seek hegemony, either in Asia or elsewhere.” This has been evident in much of the engagement undertaken between the Caribbean region and China. As will be seen in chapters 4 and 5, the emphasis has largely been on commercial partnerships. Thus far, there appears to be scant evidence that geopolitical considerations are behind China’s drive into the Caribbean. Rather, China’s emergence within the region has been closely correlated with a divergent set of economic interests including facilitating investments and trade.

¹⁰ <http://www.scmp.com/week-asia/opinion/article/2053391/why-china-cosying-latin-america>

¹¹ <http://www.scmp.com/news/china/diplomacy-defence/article/2049360/china-maps-new-road-latin-america>

Moreover, while there may be evidence that the Latin America and Caribbean region may not be a central priority in US foreign policy and the focus appears to be on regions where there are more immediate security concerns, to equate this with a decline in US influence is misleading. US influence is deeply embedded in socio-economic structures within the Caribbean and broader Latin American region. The geopolitical significance of the Caribbean region is made quite clear in a more recent report put forward by the US Congress on February 8th, 2017. Thus within the said report, Meyer (2017:i) notes; “geographic proximity has forged strong linkages between the United States and the nations of Latin America and the Caribbean, with U.S. interests encompassing economic, political, and security concerns.”

Further, the Caribbean and Latin America is also regarded as a region largely secured from immediate threats to US interests, although this is not to be equated with the absence of concerns in the hemisphere. Despite China’s rapidly evolving role in the space, US influence is fairly well consolidated in the region as compared to other regions which might be viewed as threats to US security or are more prone to conflicts. As will be seen in chapter 6, debates pertaining to China’s rise as opposed to US decline are repudiated to a certain extent when examining China’s growing economic influence in the Caribbean compared to the US.

3. The geopolitical significance of the Caribbean and the US Role

In setting the context, the previous subsection sought to more generally highlight the significance of the triangular relationship between the Caribbean, China and the US. It also sought to situate the Caribbean and Latin American region in the debates that underscore this trilateral relationship. Within this subsection, the focus shifts to examining more specifically, why the Caribbean region is a geopolitically significant space in relation to the US.

The subsection will then continue to draw attention as to why the US role is an essential factor in the Caribbean and China engagement. It also sheds light on the external environment through which Caribbean states seek to exercise agency and the constraints inherent in that structure. Moreover, in illuminating the geopolitical character of the space within which Caribbean states and China are interacting, the subsection seeks to show why it is important to consider the systemic structure through which Caribbean states undertake decision-making in relation to China.

The unique geopolitical milieu within which the Caribbean and Latin America exists is for the most part taken for granted in the literature without necessarily expanding on why it is that the Caribbean and Latin American region is such a geopolitically significant space (see Ellis: 2009; Roett and Paz: 2008; Armony and Strauss: 2012). To place the geopolitical significance of the Caribbean region in perspective, there is need to analyse the underlying elements which contribute to the geostrategic significance of the region. Hence, the assertion is made that there are ideational and material elements which has to be understood when examining the geopolitical significance of the Caribbean region in relation to the US.

For one, the geopolitical significance of the region emanates from more critically held assumptions regarding why certain geographical spaces are to be considered significant and how these are interpreted by various states. O'Tuathail's (1992d: 439), looks at the more critical aspect of geopolitics as carrying in part; the power to input certain ideologies that are closely linked to representations of national security interests in order to legitimise positions through which various national security elites understand and act towards particular spaces. According to Weber (1994:547) such ideas in effect generate "scripts (which) then become part of the means by which hegemony is exercised." The Caribbean region's strategic significance then stems from ideas that the region is a salient geopolitical space. Therefore, US foreign policy statements have almost consistently expressed ideological assumptions pertaining to its hegemonic role in the Caribbean and Latin America.

Two, the geopolitical significance of the Caribbean lies in more materially derived understanding of geopolitics which accounts for the role of geography in external and internal decision making of states in the hemisphere. The Caribbean region's geopolitical significance derives not only from its territorial proximity to the US but such salience is also based on the presence of the strategic Caribbean Sea which is fundamental to US security interests. The Caribbean Sea hosts strategic areas like the Panama Canal and several sea lanes of communication (SLOCS) fundamental to US security. The Anglophone Caribbean in particular, is surrounded by key maritime straits considered fundamental to international navigation. Consequently, there are practical economic concerns that engender ideas relating to the Caribbean region's geopolitical significance.

3.1 The Caribbean region's geopolitical significance in early US foreign policy initiatives

The rise of the US was closely correlated with first achieving hegemony in the Americas hemisphere. It was important to gain access to strategic maritime routes and other resources in the region to further its commercial interests. Therefore, ingrained within US strategic thought as evidenced by its various foreign policy proclamations on the Caribbean and broader Latin American region, is the view that this area needs to be secured from penetration by unfriendly or hostile powers that can eventually challenge US interests.

To this end, several edicts came forth purporting the rise of the US in relation to other powers acting within the Americas hemisphere. As the US ascended into a rising power that was increasingly seeking to contend with European influence in the Caribbean and Latin America in the nineteenth century, then President Monroe, issued the Monroe doctrine in 1823. The said doctrine declared; “we should consider any attempt on the part of European governments to extend their system to any portion of this hemisphere as dangerous to our peace and safety” (Charles 1924:37). The aim of this policy was to establish US preeminence in the region over any other power. Other ideas such as “Manifest destiny,” was also designed to further consolidate US hegemony in the region. The idea was first expressed by US democratic leader, John O’ Sullivan in 1845 who stated; “the right of our manifest destiny (is) to over spread and to possess the whole of the continent which Providence has given us for the development of the great experiment of liberty and federative development of self -government entrusted to us. ”¹²

These early ideas imbued into the consciousness of American leaders that there was an innate right to control the hemisphere, including the Caribbean. While US policy shifts within the region has to be accounted for, the significance of the region to the US is consistently expressed in various foreign policy statements and actions within the Post-Cold War era.

3.2 The Caribbean region's geopolitical significance in US foreign policy pronouncements: contemporary context

The Caribbean region as a strategic point of interest in US security calculations has been evident in a variety of Post-Cold War foreign policy initiatives in the Caribbean region from the Bush

¹² <http://web.grinnell.edu/courses/HIS/f01/HIS202-01/Documents/OSullivan.html>

Administration in 2001 to the Trump Administration in 2017. In highlighting the region's significance in US foreign policy, Colin Powell, US Secretary of State acknowledged in 2002, "Neither President Bush nor his administration has lost sight of our commitment to America's third border which connects us to the Caribbean."¹³ The notion that the Caribbean is inextricably linked to the US as a "third border" had already been proclaimed by President Ronald Reagan in 1982.¹⁴ Various US administrations revive this concept periodically in order to suit their foreign policy objectives in the Caribbean.

In line with the geopolitical significance of the space, it appears that China's increasing activities and more visible engagement with the Latin America Caribbean region has garnered attention at the official level within the US. As already noted, the then Bush administration held formal talks with China on its role in the region in 2006. The Bush Administration dispatched US Assistant Secretary for Western Hemisphere Affairs, Thomas Shannon, to hold discussions with Beijing.¹⁵ The aim of the meeting was to better understand American and Chinese policies in the region.¹⁶ These talks at the very least, indicated a need to ensure adequate dialogue between China and the United States in this significant geostrategic space. Moreover, in 2008, concerns with China's rise in the Caribbean and Latin America was raised in a US Congress report which stated;

The PRC presence in Latin America and the Caribbean has particularly worrisome implications. It could help strengthen anti-U.S. political leaders and actors in some countries; in the event of a possible U.S. military conflict with China, PRC human and commercial infrastructure in Latin America would be well placed to disrupt and distract the United States in the hemisphere.

This preoccupation by the US with the Caribbean as being important to its security, while not always at the forefront of its foreign policy considerations, is often expressed most visibly when its national security interests are considered threatened. Such an observation led Pastor (1994: 21) to point out, "the threat that moves the United States is that more powerful adversaries from Europe or Asia could forge a relationship with one of the small nations that would permit the more powerful one to use it as a base to attack or harass the United States."

There is evidence that the priority of US foreign policy is not always focused on the Caribbean even with China's economic rise. But even so, it would be misleading to assume US decline in the

¹³ Quoted in Emmanuel Brunet-Jailly (2007: 323)

¹⁴ <http://www.upi.com/Archives/1982/04/05/The-Caribbean-Americas-diverse-third-border/7048386830800/>

¹⁵ Shannon met with Vice Foreign Minister Dai Bingguo and Zeng Gang, head of the Department of Latin American and Caribbean Affairs in China's Ministry of Foreign Affairs.

¹⁶ http://www.gov.cn/misc/2006-04/15/content_254755.htm

¹⁷ <http://www.dtic.mil/dtic/tr/fulltext/u2/a484838.pdf>, p. 27

region. The end of the Monroe doctrine was the subject of a speech by John Kerry, former US Secretary of State under the Obama Administration, to the OAS General Assembly in November 2013.¹⁸ It may be said that the individual level of analysis serves as an important indicator of foreign policy for some states more so than others. In certain states, foreign policy decision-making may reside at the individual level rather than bureaucratic factors or even the public. Thus, individuals serve as important barometers through which to gauge a nation's foreign policy behaviour.

However, with great powers such as the United States, foreign policy is deeply entrenched within institutions and sustained ideological structures that can attempt to transcend, confront, adapt or act contrary to individual decision-making. Statements like the "end of the Monroe doctrine", was perhaps meant to reassure the region that the more coercive aspects of US hegemonic assertion over the region was perhaps not part of the Obama administration's agenda. But such an assertion by Kerry, may not be taken as a yardstick through which to determine that the very factual realities of the region which prompted the Monroe doctrine in the first place, is no longer applicable to the present.

More recently, under the Donald Trump Administration, in June 2017, the US released its 2020 multi-year strategy for the Caribbean. The very first sentence of that strategy sought to reinforce that the Caribbean region is part of the US third border and thus stated, "The Caribbean region is the United States' third border, characterized by common interests and societal ties that yield daily, tangible benefits for U.S. citizens."¹⁹ The above-mentioned strategy was a continuation of an initiative undertaken by President Barack Obama, whereby the US Government passed the *United States -Caribbean Strategic Engagement Act of 2016*. The act declares in part:

"(it is) U.S. policy to increase engagement with the governments of the Caribbean region, including the private sector, and with civil society in both the United States and the Caribbean and that the Department of State shall submit to Congress a multi-year strategy for U.S. engagement to support the Caribbean region."²⁰

Despite the more benign interactions between the Caribbean region and China, the region's interactions with China may continue to garner attention subject to the scope of China's role in the

¹⁸ <https://blogs.wsj.com/washwire/2013/11/18/kerry-makes-it-official-era-of-monroe-doctrine-is-over/>

¹⁹ <https://www.state.gov/p/wha/rt/caribbeanstrategy/#>

²⁰ <https://www.congress.gov/114/plaws/publ291/PLAW-114publ291.pdf>

hemisphere and perhaps in the broader global system. As pointed out by Christopher Coker (2014: 89), “the grand strategies of the great powers..involve a geopolitical vision”.

US practices and attitudes towards the Caribbean as a region of uncontested supremacy meant not only direct and indirect confrontations with other powers in that space, but also interventions in the region either overtly or covertly to promote its interests. As a result, US response to the rise of other powers in the Caribbean region has resulted in outright conflict as evident by the 1983 War on Grenada and the Cuban Missile Crisis. While these interventions took place during the Cold War years and events in the hemisphere has thus far, not unfolded to give the US sufficient cause for concern, the strategic significance of the Caribbean has not been lost on US policymakers. As pointed out by Joseph Nye et al (1988:171):

We should be wary of hastily dismissing this event (Cuban Missile Crisis) as irrelevant to the present; certain crucial factors have not changed since 1962, or have become all the more important because of the changes in the strategic balance: ...But we should also be wary of drawing generalizations that ignore important ways in which the world *has* changed, that cannot be supported by evidence from a single crisis, and that are insensitive to the fact that diplomatic or strategic successes can rarely be repeated in quite the same way.

While such events do not suggest an eventually conflictual relationship between the US and China, such occurrences can serve as roadmaps for strategic decision-making for Caribbean states in relations with alternative powers. These also illustrate more cautionary instances of US power in the Caribbean region which may inform Caribbean states foreign policy practices. At present, the US is the dominant power in the international system. The US has not fundamentally departed from this notion that it is the pre-eminent power in the Caribbean and Latin American region. Thus the Caribbean’s relationship with China matters within the broader context of the US role in the region and in terms of China’s broader outreach to the developing world.

3.3 The Caribbean Sea and strategic US interests

Having focused on the more ideational aspects of the Caribbean’s geopolitical significance by examining the Caribbean region in US foreign policy pronouncements, this subsection, discusses the material basis for such salience. As argued by Schoultz (2014:203) any understanding of the Caribbean region’s strategic significance has to be tied to its economic utility. The US Department of Defense considers the Caribbean Sea transiting the Panama Canal and the Gulf of Mexico as among the maritime areas considered, “US Lifelines and Transit Regions.”²¹ The Caribbean Sea

²¹ <http://www.globalsecurity.org/military/world/chokepoints.htm>

is home to many of the US designated strategic sea lines of communication (SLOC). These, transit many states in the Caribbean region. With the majority of global trade being seaborne, the Caribbean Sea serve as an important maritime trade route between the US, Europe, Asia and Latin America and Caribbean region through the strategic Panama Canal. The Panama Canal is an important circum-equatorial route that lessens geographical distances around the globe for matters of trade.²²

The significance of Caribbean waterways had long been recognised by the British even prior to US ascendancy. The strategic utility of the Caribbean Sea in relation to the US has led Robert Kaplan to observe:

Of all the European powers, the British, with the world's greatest navy and bases in Jamaica, Trinidad, British Guiana, British Honduras, and the Lesser Antilles (although) best positioned to challenge the United States in the Caribbean at the turn of the 20th century.... did not challenge the Americans, because they knew the latter would fight hard to defend the maritime extension of their own North American continent.²³

3.3.1 The Anglophone Caribbean: key international maritime straits

The English-speaking Caribbean region traverses significant international waterways that are deemed as strategic to US interests. A number of those international straits are designated as world trade routes of direct importance to the United States. According to Alexander M. Lewis (2017:132), of the twenty-six (26) strategic international straits designated as fundamental for commercial purposes located in the Third World, ten (10) of those are situated in the Caribbean region. These are found in the maritime territory of the Bahamas, Cuba, Dominica, Dominican Republic, Haiti, Mexico, St. Lucia, St. Vincent, Trinidad and Tobago, and Venezuela (See Michael A. Morris 1987; 464).

The Anglophone Caribbean is a region overwhelmingly represented in the 16 “straits of major importance” as designated by the United States (see Burke and DeLeo, 1983: 400). The significance of these maritime pathways within the English-speaking Caribbean for naval purposes has also been observed by the British Naval Chart of World Ocean Routes (No. 5307). These waterways are given primacy alongside the Dover and Gibraltar straits for international navigation

²² The Panama Canal was a long realised dream that enabled the US control of primary trade routes. The successful completion of the Panama Canal by the Americans, a feat that had already been unsuccessfully attempted by France, heralded to the US itself and the globe, the arrival of American power. Thus, the role of the Panama Canal is much about practical geopolitics where economic considerations were at the heart of the endeavor.

²³ <http://nationalinterest.org/commentary/beijings-caribbean-logic-10120>

(see Bing Bing Jia; 1998: 2). The significance of Caribbean straits to international navigation has also been expounded upon by other authors (Lars Schoultz, 2014; Griffith, 2015).

Among the international waterways within the Anglophone Caribbean are the Windward passage, the Mona passage and St. Vincent Channel. Table 2, provides information on international straits in the Caribbean. These straits are considered fundamental to international navigation for states across the globe. These are important as parts of global trade routes especially to and from the US. According to Griffith (2015), of the sixty-four standard US maritime trade routes, thirty-three of those routes traverse the Caribbean.

Table 2: International Maritime Straits in the Caribbean

Passage	Sovereignty on Either Side
Florida Passage	US, Cuba
Yucatan Channel	Cuba, Mexico
Windward Passage	Cuba, Haiti
Mona Passage	US, Puerto Rico, Dominican Republic
St Vincent Passage	St Lucia, St Vincent
Dominica Channel	Dominica, Guadeloupe
St Lucia Channel	St. Lucia, Martinique
Virgin Islands Passage	US Virgin Islands, Puerto Rico
Guadeloupe Passage	Montserrat and Guadeloupe

Source; CEPAL, <https://repositorio.cepal.org>

Caribbean Sea lanes are heavily navigated and considered essential to US security. Much of the traffic in the Caribbean Sea is due to the region's proximity to the US, the world's leading economic power. For instance, with respect to the Anglophone Caribbean, port terminals like Kingston Harbour in Jamaica only, saw an annual traffic of 2.2 million containers, much of it headed towards the US mainland in 2014.²⁴ The Caribbean Sea is also a strategic trade route between the US and the Far East, including China.²⁵ In 2017, the US was designated as representing a quarter of the world's economy (24.3%) and China the second leading economy making up 14.84% of the global economy.²⁶

²⁴ <http://thebulletinpanama.com/2013/07/the-10-major-ports-of-latin-america/>

²⁵ <https://cargofromchina.com/shipping-routes/>

²⁶ <https://www.weforum.org/agenda/2017/03/worlds-biggest-economies-in-2017/>

Thus, attempts to assert dominance of the Caribbean Sea for commercial interests has not been lost on Chinese observers. Certain authors have also gone as far as arguing that China is keenly aware of the US strategy in acquiring its hegemonic role through control of the sea and its strategic sea lanes. Holmes and Yoshihara (2012: 52) put forward that the “South China Sea is China’s Caribbean Sea.” Robert D. Kaplan (2015) essentially makes a similar claim, “The South China Sea is to China what the Greater Caribbean was to the United States in the 19th and early 20th centuries. The United States became a great power, geopolitically, by dominating the Caribbean.”²⁷

However, those strategic ideas are not to viewed as confined to the past, but is very much present under various guises in US strategy in the Caribbean. The strategic sea lanes in the Caribbean region is still vital to US commercial interests and will continue to be so in the future. For instance, with the expansion of the Panama Canal which was completed in 2016, it is anticipated that increased trade between US and East Asia will be facilitated through the Caribbean.

The geographical realities within the Caribbean region are likely to promote continuities in US foreign policy towards the Caribbean region, notwithstanding China’s increasing engagement in the Caribbean. Coker (2015:11) expresses the following in relation to the US and China and perhaps it bears being paraphrased unto the relations between the Caribbean, the US and China.

The only way to ‘earn’ the past is to learn the lessons it has to impart. If the right lessons are learned by studying the most suitable analogies, then there is at least a reasonable chance of preparing for unanticipated events in the future. Analogies lend themselves to logical thinking. They are central to inductive reasoning, which assumes that the same regularities and correlations that have held in the past will continue to hold in the future.

The Caribbean has endured a series of learning experiences from the past and present through which to discern its geopolitical significance in US calculations based on confrontational events of the Cold War era as well as direct diplomatic pressures which are part of the toolkit of American foreign policy in the Caribbean region to date. The asymmetrical power relations between the Caribbean and the US, makes it even more susceptible to US pressure on a variety of foreign policy interests.

²⁷ <https://www.theglobeandmail.com/opinion/munk-debates/robert-d-kaplan-the-south-china-sea-is-to-china-what-the-greater-caribbean-was-to-the-united-states/article25039063/>

Thus, while China's rise is very much economic and benign thus far, the US factor does to some extent guide foreign policy formulation and implementation in relations with China. But while the geopolitical structure based on the US role in the region is vital, it is not always the sole determining factor in Caribbean states foreign policy towards China. As will be seen in chapter 3, this essential geopolitical character did not necessarily dampen respective Caribbean states commitment to China even during the Cold War period, where underlying rivalries promoted more neutrality in Caribbean states foreign policies. Thus this highlights more broadly why it is important to consider developing states interests and agency in relations with China despite the region's systemic constraints. Hence, the subsection below delves into motives in the Caribbean and China relationship.

4. Situating motives in Caribbean states engagement with China

The previous section sought to evaluate why the Caribbean matters within the discourse of China's relations with the developing world. In doing so, the subsection attempted to show why the Caribbean's evolving relationship with China would be of interest to key geopolitical actors such as the United States. This section now turns to examining Caribbean states motivations in engaging China. It also aims to situate the Caribbean region in China's economic and political objectives in the Americas hemisphere.

Much of the accounts considering the US role and that of China's in the region do not necessarily address how the Caribbean fit into those wider debates (see Ellis, 2014; Paz, 2008; Nolte, 2013). Neither do such narratives pay sufficient attention to how Caribbean or Latin American states own aims and interests are likely to impact the US and China nexus within the region. Thus, the objectives of such states in the interaction are not necessarily treated as salient.

Examining Caribbean states motives and that of China's in the engagement, are not necessarily straight forward tasks in the absence of expressed intentions. But having said so, the discussion draws from the literature on China's engagement with the developing world as well as the literature pertaining to its relations with Latin America in an effort to posit motivations in the relationship. The motivations driving the engagement relate more centrally to mutual economic and political interests between Caribbean states and China, despite the geopolitical character of the space and the perceptions attributed to such significance.

Furthering economic development assistance by increasing cooperation partnerships with China as a key global actor is an essential objective in the dynamic for Caribbean states. In terms of China, the Caribbean region while part of its political interests in relation to Taiwan, is more fundamentally a means of accessing new markets in line with its broader going out-strategy to various parts of the developing world. The Caribbean region is also essential to China's global financial flows in terms of its ODI.

4.1 Situating China in Caribbean states motives

For the Caribbean region, China's emergence alongside traditional western powers perpetuated a global economic shift which represented opportunities to further mutual interests. China's economic rise was brought about by a period of opening - up and reform instituted by Deng in 1978. This led to a series of economic changes to China in the 1980's. By the 1990's, China received an influx of FDI that succeeded in enabling rapid growth and development. According to Chen *et al*, (1995: 693) between 1991-1993, \$41.1 billion had been invested inside China.

Thus, in the 1990's, for the first time since its founding, the PRC was able to articulate a more coherent framework for economic statecraft whereby a country is able to use the economic instruments at its disposal to facilitate its foreign policy interests. As will be seen in chapter 3, in the 1990's, China began reinforcing its ties with traditional partners in the Anglophone Caribbean while also expanding its economic and political ties with new partners in the region.

Commercial considerations have been at the core of Caribbean states foreign policy decision making vis-à-vis China. Two empirical chapters of the thesis, chapters 4 and 5, point overwhelmingly to the economic motives behind Caribbean states interactions with China. As will be seen in the analyses in both chapters, Caribbean states have sought to position themselves to benefit from China's commercial engagement by seeking to increase access to financing for infrastructure investments. Caribbean states have also attempted to engage in a broader diversification of trade partnerships in order to access more competitive markets while seeking possible penetration into non-traditional markets. However, the latter presents significant difficulties in relation to China for a host of reasons. As will be discussed in chapter 5, a more obvious issue is the lack of competitiveness which define small states commercial partnerships. But another issue is also related more broadly to China being a non-traditional actor in the space.

As such, the more enhanced interconnections and linkages with more established markets have yet to sufficiently unfold in commercial ties with China, at least for the Anglophone Caribbean region.

Moreover, Caribbean states motives in engaging China has also been in line with that of many other states in the developing world. China's role as a significant economic actor alongside the traditional actors, meant that Caribbean states were motivated to accommodate China as part of the "new economic normal," in the post 1990, global economic landscape. For Caribbean states like other developing states, China's emergence increased maneuvering space for furtherance of mutual interests in relation to external actors.

4.2 Situating Caribbean states in China's motives

A recurring theme in China's motives in the developing world is the scramble for resources. Within the Caribbean region, China's financial input in resource endowed states such as Jamaica, Guyana and Trinidad have been remarkable as will be discussed in chapters 4 and 5. However, to unpack China's motives in the Caribbean region, one has to go beyond more resource based understandings of China's objectives in the developing world especially given that most states in the Anglophone Caribbean are not particularly well endowed with resources. Thus, various commercial issues are considered key to situating the Caribbean region in China's commercial motives.

The Caribbean region may be linked to China's commercialisation strategies in the developing world, much like any other region where China furthers its economic statecraft. By the millennium, China begun to promote its "going out strategy." The latter was formalised in China's 10th five-year plan (2001-2005). The aim was to aid its state-owned institutions in playing a wider role in the global economy (see Kitissou 2007: 110). As such, China embarked on an internationalisation of indigenous commercial institutions, namely its state-owned enterprises as well as financial firms. This meant expanding the role of these institutions across various economic regions, including the Caribbean and Latin America.

China's going out strategy enabled the Chinese government to improve China's economic competitiveness alongside other international actors through engagement in diverse economic environments. This led to Chinese companies becoming involving in a broad range of sectors in

the Caribbean region, including infrastructure development, tourism and natural resource investments. Further, the Anglophone Caribbean like other developing states, represented expanded market opportunities in both lending and trade for China.

Given the geostrategic significance of the Caribbean, Chinese companies saw opportunities not only within Caribbean states but also from the Caribbean states proximity to the world's leading market; the United States. As noted by Bernal (2015: 5), regional trading arrangements with leading actors such as US, EU and Canada appear to have garnered Chinese companies interests in the region. Commercial maritime developments in the Caribbean have also been regarded as a key means of expanding China's economic role in the Caribbean with a view to benefiting from larger North American markets (Canada and US). Such investments also facilitate entry into markets within the broader Caribbean and Latin America. As will be seen in chapter 4, China's FDI has targeted maritime services for transshipment purposes across key strategic maritime trade routes in the Caribbean. For instance, the Bahamas has benefited significantly from maritime development by Chinese private entrepreneurs as well as state actors, as will be seen in Chapter 4, given its close proximity to the US mainland. These geographical linkages contribute to positioning Caribbean states in China's commercial motives in the region.

Another reason for the Caribbean region's significance in China's commercial interests relates to the fundamental role that the Anglophone Caribbean plays in China's overseas FDI. The Anglophone Caribbean is considered a major conduit for the flow of Chinese financing overseas. As pointed out by Daniel Erikson (2009: 1) "China's overall strategy for the Caribbean has been driven by a desire to ensure the security of Chinese offshore financial holdings." The region has played a key role in China's foreign direct investment flows post 1990, notwithstanding the limited literature on the Caribbean's economic engagement with China.

The Anglophone Caribbean region has been consistently among the top destinations for China's outward foreign direct investment flows, according to the China Statistical Bulletin of Outward Foreign Direct Investment 2015. The Cayman Islands and the British Virgin Islands have been among the leading destination for those financial flows. The Cayman Islands registered the third highest destination for China's FDI outflows in 2015, comprising 7% of those outflows. In terms

of FDI stock, the British Virgin Islands and Cayman Islands comprise among the highest destination outside Hong Kong, making up more than 10% of China's FDI stock abroad.²⁸

These Caribbean territories often serve as offshore intermediaries for further dissemination of finance across the Caribbean and the rest of globe. According to Chinese sources, in 2016, US\$6.87 billion in Chinese investments flowed to the Caribbean and Latin America, with much of that amount going to the Caribbean- the Cayman Islands and the British Virgin Islands. It is perhaps worth noting that this outflow into the region was more than that into the ASEAN region for the same period according to Chinese sources. The latter saw \$ 1.24 billion in overseas FDI.²⁹ But one might add that the final destination of much of those financial flows remains somewhat murky. Although these Caribbean territories have been significant destinations for Chinese FDI, much of it also makes its way back into China. As such in some instances, these territories are considered tax havens. Despite these issues, the Caribbean remains important to China as it is a key part of Chinese financing overseas.

Moreover, in gauging China's motives, intertwined with economic aims are also political considerations in the engagement. Thus, there are political goals to be considered in China's engagement with the Caribbean region, especially as it relates to China's broader foreign policy aims in relation to Taiwan. The Caribbean region is still an area where Taiwan has the most diplomatic allies. Consequently, pursuing the "one China" policy is still part of China's overall foreign policy aims in the Caribbean.

More broadly, the Caribbean like other developing regions, also have a role to play in promoting China's international status as a significant economic actor alongside traditional powers such as the US and western European states. As will be seen in chapter 3, with increased bilateral and multilateral engagement between the Caribbean and China from 2005- 2016, the Caribbean and Latin American states have aided China in promoting its influence regionally through bilateral and multilateral cooperation.

²⁸ Quoted in, "China Takes Global Number Two Outward FDI Slot," www.hktdc.com/Research

²⁹ <http://english.mofcom.gov.cn/article/newsrelease/policyreleasing/201603/20160301276949.shtml>

Given the Caribbean region's geostrategic significance, the question of China's strategic intentions in the Caribbean is not absent from the broader considerations on China's rising role in the region. While economic dynamics are bound to bring about complementarity in the interaction between the Caribbean, China and the United States, possibly strategic motives relating to competing with traditional US influence in the Caribbean and broader Latin American region is often a consideration in the debates on the rising role of China in the Caribbean.

However, China's actual commercial engagement in the region does not appear to act counter to traditional US interests, as will be seen in chapter 6. Rather, China is playing a complementary role in the region alongside traditional actors. For instance, as will be seen in chapter 6, China appears to be filling a void in infrastructure financing, an area that has not necessarily been prioritised in the Caribbean region's engagement with traditional partners like the US.

It is important to understand China's rise within the Latin America Caribbean region as a benign power that does not seek to contend with US hegemony in this significant geopolitical area. Zakaria (2008:31) observes that China does not necessarily seek a reversal of the established order as have other rising powers prior, but rather, China seeks to attain success within it. Therefore, it may be shortsighted to assume that China's intentions in the Caribbean region are strategically motivated and that it is a geopolitical challenge to US dominance in the Caribbean and Latin America. Apart from the region being a space where American interests is deeply entrenched, as argued, commercial considerations have been a central driving force in the interactions between Caribbean states and China.

5. Conclusion

The geopolitical element in the Caribbean and China relationship was construed as a constant variable in Caribbean and Latin American states foreign policy behaviour towards specific actors, including China. Thus, the chapter started with the essential premise that given the geopolitical structure of the Caribbean region, the US factor impinges on Caribbean states foreign policy behaviour.

The chapter first highlighted why Caribbean states interactions with China is often considered to involve a triad of interests. It is not necessarily sufficient to focus on Caribbean states aims and

that of China's in the relations, without implicitly considering the implications for the US role in the region. The chapter then focused on examining why the Caribbean region in particular, is considered to be of geopolitical significance in relation to the US. In doing so, it was asserted that both material and ideological elements are essential to understanding the Caribbean region's geopolitical significance. Consequently, various ideas continually evident in US foreign pronouncements on the Caribbean and Latin American region, dating back to the Monroe doctrine, were examined. Moreover, the salience of the Caribbean Sea to US commercial interests was also examined.

In examining these issues, the discussions highlighted why Caribbean states matter in the discourse on China's rise in the Americas hemisphere. The Caribbean region's significance is not only linked to its direct proximity to the US mainland. But also results from the presence of the Caribbean Sea. The latter is integral to global commerce and is a strategic maritime space that links parts of the Americas hemisphere to various maritime trade routes across the globe including, Asia. Thus notwithstanding the tendency to overlook the Caribbean region in ongoing debates on China's emergence within the Sino-LAC literature, the research attempted to shed light on the salience of the Caribbean region within the broader context of China's rise within the space.

The chapter then went on to assert that notwithstanding the Caribbean region's strategic position in the American hegemonic sphere and the underlying concerns pertaining to China's intentions in the space, the interactions between Caribbean states and China has been largely motivated by mutual political and economic interests.

Chapter 3: Caribbean States Policymaking in Relations with China: role of diplomacy

Introduction

The previous chapter attempted to set the stage for understanding why the Caribbean region's relations with China mattered within the broader context China's engagement in the Americas hemisphere and in relation to China's emergence in the developing world. It also sought to examine why Caribbean states relations with China and indeed that of the Latin American region, is frequently viewed as a triangular dynamic given the underlying geopolitical structure within which the region exists.

However, a focus solely on the hegemonic structure of the region does not adequately explain Caribbean states foreign policy towards China. It is then important to examine how specific intervening variables have influenced the patterns of continuity and change in Caribbean states relations with China. As Gyngell and Wesley (2007:18) argue, reconciling the logic of a structural environment with unit level variables are key to any account of foreign policy. Notwithstanding the constraints often associated with Caribbean states overarching geopolitical structure and the limitations often attributed to small states in global affairs, Caribbean states have actively utilised diplomacy to promote mutual interests in relations with China.

The chapter examines *how* diplomacy between the Caribbean region and China unfolded and *why it evolved the way it did*. The chapter argues that while the ideological underpinnings of the Cold War era prompted Caribbean states diplomacy with China on the basis of Third World solidarity, specific economic conditions impacting the Caribbean region provided the impetus for states to undertake a more pragmatic approach to policymaking vis-à-vis China in the Post-Cold War period. Consequently, acting within the context of broader structural economic changes which coincided with China's rise, elite decision-makers emphasised extended commercial and political interactions between the Caribbean region and China.

Diplomacy is then examined as a facet of policymaking from the vantage point of elite decision-makers interacting through key circumstances and events. The analysis draws from official reports of their various interactions while also relying on an analysis of the specific contexts that prompted the interaction through various phases of the relationship. This chapter also engages more directly with the Caribbean and China relationship.

State decision-making as a significant factor in evaluating foreign policy behavior has been examined by a substantial number of scholars within FPA and NCR. Gideon Rose (1998: 161) emphasises that for NCR adherents, “bringing the state back in” is a key intervening variable, through which to understand foreign policy. Zakaria (1998:39), an NCR proponent, acknowledges that the state apparatus, inclusive of its policy-making capacity, is vital to understanding foreign policy behavior. Likewise, Lobell et al (2009: 28) opines, “elite calculations and interests” as part of state-led policymaking processes, are given primacy as an intervening factor in examining foreign policy under NCR. Moreover, the FPA approach discussed in chapter 1, also underscores the salience of decision-making by state actors in explaining foreign policy behaviour (see Allison; 1971, Frankel 1963, Carlsnaes; 1992, Synder et al; 2002, Hudson; 2012).

However, the chapter is not simply concerned with state actors in policymaking. Crucially, it concomitantly highlights the political and economic conditions as well as the key circumstances and events through which decision-makers negotiate interests, navigate constraints and pursue opportunities.

While much of Caribbean states diplomacy vis-à-vis China remains unexplored, policymaking occurred through very distinct contexts. The findings suggest that whereas in the Cold War period, diplomacy was largely linked to the ideological underpinnings of that era, starting in the 1990’s, a series of economic changes influenced Caribbean states decision-making vis-à-vis China. These included, *inter alia*, a loss of preferential access to established markets for exports and a reduction in aid from traditional partners (see subsection 4.1). Such events prompted a turn to an economically rising China in the global economic order. These economic circumstances also coincided with the promotion of China’s own foreign policy interests in relation to Taiwan within the Caribbean region. The changes precipitated by China’s rise not only enabled China to assert its diplomatic interests in the Caribbean region, its emergence also allowed Caribbean states to pursue their own economic and political goals in the relations.

Moreover, a latter phase of diplomacy in the Post-Cold War era (2008-2016) became apparent. Caribbean states sought to position their interests vis-à-vis China through a burgeoning phase of “strategic economic diplomacy” for that period. This phase involved a subtle shift towards more extensive economic engagement and deepening of political and cultural links. President Xi

Jinping's role as a key decision-maker during this more strategic phase merits consideration. Xi undertook a more visible diplomatic pivot to the Commonwealth Caribbean unlike any of his predecessors.

The chapter contributes to generating novel insights into the Caribbean and China dynamic by examining the salience of diplomacy in the evolution of the relations between Caribbean states and China. The chapter not only fills a gap in the Sino- Latin America Caribbean literature. The analysis also prompts a rethinking of the Caribbean and China relationship. In doing so, it reveals the underlying ideological contexts that prompted Anglophone Caribbean states decision-making vis-à-vis China in the Cold War period and highlights the economic pragmatism that thus far drives policymaking in the Post-Cold War era. The chapter also shows that established perceptions of a "disengaged" China in Caribbean and Latin America affairs, prior to the Post-Cold war era, is misleading. Instead, it illustrates a more sustained Caribbean and China relationship through high level visits in the Mao to Deng era and continuing through-out the Post-Cold War period under survey in the thesis.

2. Caribbean Relations with China: the historical period (1854-1959)

It may be said that there is a tendency in the literature to view the Latin America Caribbean region's relations with China more as a Post-Cold War phenomena. Such views largely fail to consider the longstanding relations between the Caribbean region and China. For instance, Mora (1997: 35) notes, "the region has traditionally been out of Beijing's scope of interest." Jiang Shixue (2008:2) also asks; "why, all of a sudden, is China interested in Latin America, a region which is so far away from Asia?" The idea of Caribbean China relations is perhaps even more understated in the broader discourse on Latin America Caribbean relations with China.

Despite the tendency within the Sino Latin America Caribbean literature to concentrate almost exclusively on the region's ties with China within a Post-Cold war context, China's ties with the Caribbean region may go as far back as the 16th century or even earlier, according to some sources. Hearn et al (2011: 6) points out that that by 1565, Spanish sailors had already found ocean streams of the Caribbean Sea to be favourable for trans-Pacific shipping to China. Other accounts suggest that China's contact with the Caribbean region date back even further. Gavin Menzies (2012: 292)

in his book, “*1421: The Year China Discovered America*,” postulates that expeditions of Chinese seafarer, Zheng He, (1371–1433) reached the Caribbean.

Although these initial contacts are less definitive, and even perhaps debatable, the Caribbean region’s relationship with China is rooted in historical connections which predate the founding of the PRC in 1949. Relations between the Caribbean region and China can be traced to the 19th century. The Chinese presence was facilitated in the Caribbean region through various waves immigration. In Guyana, between the period of 1853 to 1879, a total of 13,541 Chinese nationals settled in the country.³⁰ In tracing the arrival of the Chinese into Jamaica, Bryan (2004: 25) acknowledges that by 1854, an initial 600 Chinese nationals had landed in Jamaica. Other Chinese immigrants followed that period. Trinidad also had various waves of Chinese immigration. The first was in 1806 when 192 Chinese immigrants arrived in Trinidad. The second wave followed from China’s Guangdong province between 1853 and 1866. A third wave continued through-out the 1920’s, 1940’s and into the 1970’s. These were largely immigrants engaged in petty trading and other businesses.³¹

The Chinese diaspora in the Caribbean facilitated early diplomatic interventions by the Qing dynasty within the region. Thus, the Caribbean region, namely Cuba, has been cited as among the Qing’s dynasty’s first emigration foreign policy concerns in its diplomacy abroad (Benton, 2010: 178). On March 17th, 1874, a commission sent by China convened in Cuba to look into the conditions of Chinese workers on the island. Formal diplomatic relations by China within the Caribbean region was undertaken soon after. Cuba and China established formal diplomatic relations in 1875 under the Qing dynasty. In 1902, after the Cuban Republic was founded, China and Cuba later re-established diplomatic relations with the newly formed republic. The first Chinese ambassador, Wu Tingfang, was then dispatched to Cuba in 1906 (Zuo, 2010:195).

These inter-cultural and economic linkages facilitated the creation of various transnational networks which further sought to enhance cooperation between the Caribbean region and China. This was illustrated in Cuba in the wake of the successful communist revolution on mainland China

³⁰ <http://www.guyana.org/features/guyanastory/chapter55.html>

³¹ Trinidad and Tobago, National Library and Information System Authority, <https://www.nalis.gov.tt/Resources/Subject-Guide/Chinese-Arrival>

in 1949. Soon after the founding of the People's Republic of China, the Chinese diaspora called on Cuba to recognise the PRC. According to Kathleen Lopez (2010: 215-216), the Cuban Government also put in place policies for Chinese nationals to be allowed in Cuba in the wake of the Civil War. Lopez notes further that in the period, 1950-1959, 3000 Chinese nationals entered Cuba.

These early interconnections examined above, would set an initial foundation for not only an awareness of China, but also a commitment to it within the Caribbean region's policymaking in the Cold War period.

3. Caribbean states diplomacy with China during Cold War period: ideological phase (1960-1989)

In order to understand how and why Caribbean states policymaking in relation to China revolved around Third World solidarity, one has to recall the historical links identified earlier between the Anglophone Caribbean and China. This promoted a level of familiarity and affinity with China within the Caribbean context. One also needs to bear in mind that the more ideational underpinnings of the Cold War era acted as its own pull factor in helping developing states solidify relations among themselves. Ideologies rested not only on the seemingly opposing ideals between East and West as part of hegemonic power struggles. Developing states were also forging common alliances based on shared experiences of colonisation, under-development and other perceived inequities. Such experiences fostered a solidarity with China on the part of the Caribbean. Moreover, the Cuban leadership was also significant in furthering the causes of China within the Caribbean region and externally, based on Third World solidarity. Cuba's role will be intermittently referenced in the discussions below. But although important, the Cuba and China nexus within the Caribbean region is beyond the scope of this dissertation.

While it may be acknowledged that the geopolitical underpinnings of the Caribbean region in relation to the US together with such states own foreign policy interests often promoted a level of neutrality and non-alignment in foreign policy during the Cold War era, this does not suggest a lack of agency in inter-state relations with China. Caribbean states converged with other developing countries to support China's aims in the international sphere. Therefore, through

various bilateral contacts and multilateral engagements, elite decision-makers sought to maintain a common alliance with China as part of the then Third world.

Moreover, much of the literature emphasises how and why Chinese elites facilitated a policy designed to incorporate the Third World in its broader foreign policy interests, rather than underscoring the pertinent role that developing states also played in the interactions (see Shambaugh, 2009; Kim, 1984; Taylor, 1998). Thus, overlooking to some extent, their agency and interests in the engagement with China. In their policymaking, Caribbean states aligned with China based on shared commonalities as developing states. Such affinities aided in facilitating mutual interests in the global realm.

3.1 Caribbean states multilateral diplomacy and China

The Latin America and Caribbean region's decision-making vis-à-vis China within the ideational context of the Cold War period, has been under-examined in the literature. Authors have largely concentrated on African region when examining developing states diplomacy with China (see Alden; 2005, Taylor; 1998, Tull; 2006).

Caribbean states, while deficient in the commonly understood attributes of state power such as military and economic strength, both independently and by means of alliances with other Third World states, articulated their commitment to China on the basis of Third World solidarity. As the 1960's unfolded, a more active foreign policy on the part of Caribbean states developed. By then, Caribbean states were either self-governing or had achieved independence from Britain. As stated by Morgenthau (1948:32) sovereignty imbued such countries with "legitimate power" based on "legal and moral authority." This favoured China as it allowed for more independent decision-making to be undertaken by the Caribbean region with regards to furthering the causes of the latter in the international arena.

Likewise, the then newly self-determining status of Caribbean states, enabled China to reaffirm ties with the region. For instance, the independence of Guyana in 1966 saw the Chinese leadership reaching out to Guyana. China's Premier Chou Enlai, sent congratulatory messages to Guyana's Prime Minister, Forbes Burnham. Chinese officials acknowledged that Guyana's independence

was welcomed by China and represented successful colonial struggles.³² Such interactions were designed to reaffirm the bounds of Third World solidarity between the Caribbean leadership and that of China's.

Caribbean states actively utilised multilateral frameworks which provided enhanced policy space for decision-making regarding China. In examining the significance of such structures in facilitating the interests of small states, Keohane (1969: 291) posits, "Using the United Nations as a forum and a force and claiming "nonalignment" as an important diplomatic innovation, small states rose to prominence if not power." The tendency by small states to at times creatively assess and utilise the power embedded within institutional frameworks to enhance leverage in terms of foreign policy interests, have also been examined by Cooper and Shaw (2009).

Multilateral mechanisms enabled Caribbean elites to subtly express ideological preferences in states decision-making vis-à-vis China. Such fora also allowed Caribbean states to band-wagon with other developing states to further alliances with China to facilitate common causes in the international sphere. This was evident when the Caribbean region became the site for the "First Afro-Asian-Latin American Peoples' Solidarity Conference."³³ The said conference was hosted by Cuba in 1966. The tri-continental conference was aimed at furthering solidarity among states in the developing world against imperialism. China's participation in the Conference in the Caribbean was particularly relevant. The Chinese delegate reaffirmed that the main aim of the conference was the "unity of the peoples of the three continents in the struggle against imperialism."³⁴ There were at least 500 delegates from 82 countries, including the then newly independent states of the Anglophone Caribbean.³⁵

The location of such a conference in the Caribbean and in principally Cuba, could be seen to have accomplished two representative goals. One, the Caribbean was squarely within the strategic sphere of the US hegemonic influence. Two, Cuba was the area for successful revolution against perceived US imperialism. At the closing of the Conference, Cuban President Fidel Castro, acknowledged that despite the particular circumstances surrounding Cuba, including its

³² <https://newspaperarchive.com/kingston-gleaner-may-26-1966-p-2/>

³³ <https://www.marxists.org/subject/china/peking-review/1966/PR1966-04h.htm>

³⁴ <https://www.marxists.org/subject/china/peking-review/1966/PR1966-04h.htm>

³⁵ <http://www.tricontinental50.net/tricontinental-conference/>

geographic location, the fact that the Conference was held there was a victory in itself.³⁶ Soon after the tri-continental conference, China's publication, the *Peking Review* in its January 1966 edition, went on to focus on the Caribbean by underscoring the ideological affinities between the region and China. Hence, it noted the struggle against US imperialism in Caribbean states such as the Dominican Republic and the wider Latin American region.³⁷

Caribbean states ideological commitment to China continued to be expressed across various regional and global institutions in the 1970's. Caribbean states sought to support China's aim within multilateral forums such as the Commonwealth of Nations, the United Nations and the Non-Aligned Movement (NAM). Consequently, in January 1971, at the first Commonwealth Prime Ministers Meeting in Singapore, the English-speaking Caribbean states and other states discussed China's representation at the UN.³⁸ As Zhou and Xiong (2016:302) states, in line with the ideological commitment to China, Forbes Burnham, Guyana's Prime Minister, acknowledged that the "world should extensively recognize China even at the loss of Taiwan."

The UN General Assembly proved to be an indispensable forum for the Third World's identification of itself as a force for change. It assured such states of a space to negotiate for legitimisation and confront the politics of deligitimisation (Samuel Kim 1994:135). While the Third World was not economically powerful, they were large in number and galvanizing their support wrought key political changes in the international system for China.³⁹ Independent English-speaking Caribbean states like other developing countries pushed for China's participation in the UN framework.⁴⁰ Thus Cuba, Guyana and Trinidad were among the 76 countries which voted "Yes"⁴¹ to UN Resolution 2758 (XXVI) on October 25th, 1971 which led to China becoming a member of the United Nations.⁴² It is also telling that other independent

³⁶ <https://www.marxists.org/history/cuba/archive/castro/1966/01/15.htm>

³⁷ <https://www.marxists.org/subject/china/peking-review/1966/PR1966-04h.htm>

³⁸ Final Communiqué, Commonwealth Heads of Government Meeting, Singapore, 1971, <http://dx.doi.org/10.14217/9781848594333-20-en>

³⁹ The ability to participate in the UN and its constituent organisations was once denied to China prior to 1971 due to US support of Taiwan as the legitimate representative for the PRC and Taiwan.

⁴⁰ The role of Africa in this regard is well documented compared to other developing regions such as Latin America and the Caribbean. Taylor; 2006 provided fairly wide coverage of Africa's relations with China starting in 1949. Ashan; 2007, has also touched on China's diplomacy with Africa during the period.

⁴¹ http://legal.un.org/repertory/art3/english/rep_supp5_vol1-art3_e.pdf

⁴² http://legal.un.org/repertory/art3/english/rep_supp5_vol1-art3_e.pdf

Anglophone Caribbean states as Jamaica and Barbados, decided to abstain from the vote.⁴³ Abstention was not necessarily a diplomatic signal of neutrality on the issue of China's recognition, but one of measured caution. These countries were fully ideologically committed to the quest by China for recognition as part of its fight against imperialism and interference by western powers, causes with which they identified. The fact that *all* Anglophone Caribbean states which had achieved self-determination during that period, threw their support behind China at this crucial moment, demonstrated a level of solidarity with China.

In line with the ideational underpinnings of the Cold War era, China also promoted a rhetoric of Third World solidarity with the Caribbean region. This was expressed in multilateral fora and in China's foreign policy pronouncements on the Caribbean region. For instance, while the NAM's commitment to China's causes at the global level had been reinforced consistently,⁴⁴ China's actual participation within various NAM summits appear to have been somewhat limited in accordance with the official records pertaining to state attendees.⁴⁵

However, when the NAM Foreign Ministers Conference took place in the Caribbean, China's interest was apparent. To this end, the 1972 edition of the *Peking Review*, gave fairly good coverage to the NAM Conference in Guyana. The publication noted, "The Chinese Government and people attached great importance to the conference." Kochan (1972) highlights China's keen interest in the Caribbean region during the conference. According to Kochan (1972:501), China's attention to the Caribbean was not lost on British Government officials. This signifies a concern and a more sustained interest in political and economic developments within the Caribbean region that has thus far been understated in the literature on the broader Latin America Caribbean and China dynamic.

⁴³<http://unbisnet.un.org:8080/ipac20/ipac.jsp?session=13YX406V32110.6519&profile=voting&uri=link=3100028~!204865~!3100029~!3100070&aspect=alpha&menu=search&ri=4&source=~!horizon&term=A%2FRES%2F2758%28XXVI%29&index=Z791AZ>

⁴⁴ The declaration pertaining to the Non-Aligned Movement (NAM) was first declared in Belgrade on September 6th, 1961, based on a First Conference of Heads of State or Government of Non-Aligned Countries. Out of the 28 countries which spanned Africa, Asia, the Middle East and Eastern Europe, four Caribbean and Latin American countries were present. These were, Cuba, Ecuador, Brazil and Bolivia. By the Second NAM Conference in Cairo Egypt in 1964, representatives from the English-Speaking Caribbean region, namely; Jamaica and Trinidad were present at the Conference together with states from Latin America. The declaration that emanated from the Conference reiterated the call at Belgrade to restore China's seat at the United Nations and recognise it as the only legitimate representative of China (see list of state attendees to the respective conferences).

⁴⁵ For list of attendees see, "Resolutions of the Third Conference of Non-Aligned States," Lusaka September 1970, p. iv

The Commonwealth Caribbean did not escape consideration by China contrary to the dearth of silence surrounding the Caribbean region in the discourse on China's relations with Latin America more broadly. In 1974, the *Peking Review* dedicated a segment of its publication to the *Commonwealth Caribbean*. The region being a critical geopolitical area for the US and the subsequent encroachment by the former Soviet Union, appear to have also garnered China's attention. The following proclamation with regards to the Caribbean was made;

The people of the Commonwealth Caribbean have in recent years undergone a new awakening and their struggle against colonialism ...is making new progress. The dependencies in that region are fighting for independence, while the states which have already gained independence are striving to consolidate it. The old order and decadent systems dominant there for many years are being violently battered... the Soviet Union in its pursuit of world hegemony, is also taking pains to make inroads into this area of strategic importance.⁴⁶

The Caribbean and China readily identified on the basis of Third World solidarity and displayed a level of commitment to each other during the Cold War period. This contrasts with the discourse that often expresses China as aloof from developments in the Latin Caribbean region prior to the Post-Cold War period. Caribbean states policymakers and respective elites were also concerned with political developments in China. For instance, noted political activists like CRL James of Trinidad, was focused on the Chinese Revolution and its attempt to bring about reform through the rise of the proletariat in China.⁴⁷ In a 1980 interview he said this of Maoist China, "I was always very sympathetic to the Cultural Revolution. Mao was trying to get the masses to play a greater role in state building."⁴⁸ Similar political sympathies based on Third World solidarity prompted a wider commitment to China by independent Caribbean states during the Cold War period.

3.2 Caribbean states bilateral diplomacy with China

The bilateral diplomatic engagements which is the subject of this section, illuminate how the values and ideas which underscored the Cold War era played a key role in Caribbean states policy-making vis-à-vis China. It is important to examine these bilateral diplomatic contacts as elite decision-making provide insights on how Caribbean states enacted a foreign policy towards China largely based on Third world solidarity during the Cold War period. Official visits often serve as a conduit for policymaking between Caribbean states and China. Such visits are among the "key

⁴⁶ <https://www.marxists.org/subject/china/peking-review/1974/PR1974-02b.htm>

⁴⁷ <https://www.marxists.org/archive/james-clr/works/world/ch09.htm>

⁴⁸ <https://redmolerising.files.wordpress.com/2015/12/clr-james.pdf>

classes of events” through which actors seek to inform narratives and shape rhetoric. These events can also be used to devise stratagems and implement plans in accordance with actors specific goals in the dynamic (Manheim, 1994: 61).

In examining decision-making as part of a broader understanding of foreign policy behaviour, Hudson and Vore (1995: 214-215) opine that knowledge of key events and actors are pertinent to foreign policy analysis. When focusing on diplomacy from the vantage point of the leaders that facilitated the Caribbean and China dynamic, based on official records of their various interactions, it becomes evident that ideas of mutual solidarity as developing states were foremost in Caribbean states interactions with China. Connections were also forged on the basis of increasing south-south economic cooperation. Therefore, by the mid 1970’s and 1980’s, several high-level visits between the Caribbean and Chinese officials to reaffirm solidarity were undertaken.

Despite the relative silence in the literature on Caribbean states relations with China, diplomatic contacts are further evidence of a more sustained Caribbean and China relationship which has yet to be fully examined when accounting for China’s engagement in the Americas hemisphere during the Cold War era. In detailing the bilateral interactions, it is revealed that even in the midst of the Cold war years, small Caribbean states tacitly supported China’s causes. This occurred during a period whereby hegemonic power rivalries meant that Caribbean states would have been subjected to intermittent external pressures to align specifically with the West. This would have been especially so, given their geostrategic position in relation to the US, the world’s hegemonic power.

Caribbean states decision-making illustrate that such states readily identified with China on the basis of anti-colonial struggles in the Third World. These interactions shed light on Caribbean states ideological commitment to China notwithstanding the sharp divisions between East and West during the Cold War period. Moreover, these initial bilateral diplomatic engagements between the Caribbean states and China (see table 3.1 and 3.2), all occurred prior to the United States recognising China as the legitimate government of China in 1979.⁴⁹

The first Head of Government to visit China from the Anglophone Caribbean was Trinidad and Tobago’s Prime Minister, Eric Williams. He made the state visit to China on November 10,th 1974.

⁴⁹ <https://www.nytimes.com/1984/07/06/world/guyana-in-pacts-with-communists.html>

Williams identified with developing states like China and was instrumental in anti-colonial movements in the Caribbean region himself (see Pierre; 2015, Palmer, 2006). During the visit, Williams met with Chairman Mao, Premier Zhou Enlai and China's Vice Premier, Li Xiannian. The latter acknowledged the role of the Caribbean and Latin America in promoting various ideals of solidarity among developing states within the international order.⁵⁰ The vice premier highlighted Third World solidarity as part of the commonalities between the two countries in his official speech and noted: "Since independence...., the Government of Trinidad and Tobago has pursued a policy of independence and non-alignment, supported the just struggles of Third World countries against imperialism and colonialism."⁵¹

In an effort to further strengthen ties, Trinidad and China undertook their first Economic and Technical Cooperation Agreement, to facilitate mutually beneficial relations between the two states. Later in 1975, based on the new technical and economic agreement, three Trinidadian students undertook Linguistic Studies at China's universities.⁵² A reciprocal visit was undertaken by China to Trinidad. Thus China's Vice-Minister of Fuel Chemical Industry, Tang Ke, led the first official delegation from China to Trinidad. Of interest during the visit was Trinidad's experiences in oil technology.⁵³ The Chinese visit did not escape US notice and was covered by US officials in a 1975 document entitled; *Peking now seeking oil technology from the Third World*.⁵⁴

Similar patterns of engagement whereby bilateral diplomacy emphasised the ideational aspects of the period while also taking into account practical economic concerns, were evident in other Caribbean states interactions with China. Guyana's President Forbes Burnham undertook his first official trip to China in March 1975. Chinese leaders Deng Xiaoping and Premier Zhou Enlai reaffirmed the solidarity between the Caribbean and China.

The bid to reaffirm solidarity as part of the Third World was also evident through much of the engagements undertaken between Jamaica and China. For instance, on September 23-29, 1976,

⁵⁰ In the 1970's the Caribbean and Latin America were convening at the UN to extend legal dominion over surrounding maritime spaces and were calling for control over its economic and seabed resources to counter hegemony in the region. This later came to be part of the Law of the Sea, now recognised by nations large or small.

⁵¹ <https://www.marxists.org/subject/china/peking-review/1974/PR1974-46.pdf>

⁵² <http://mainlib.uwi.tt/divisions/wi/collsp/ericwilliams/newsletters/dec2002.pdf>

⁵³ <http://cncforumenglish.mofcom.gov.cn/column/print.shtml?/aboutus/200411/20041100299106>

⁵⁴ wikileaks.org

Jamaica's Deputy Prime Minister, David Coore, led Jamaica's first official delegation to China. The two countries utilised the occasion to conclude trade agreements including a commodity loan agreement and a protocol on polyester cotton mill with Chinese assistance.⁵⁵ China also dispatched a high-level delegation to Jamaica headed by Vice Premier, Geng Biao of the State Council in 1978. The vice premier held talks with Jamaican Prime Minister, Michael Manley on the international situation as it related to the Third World's relations with hegemonic powers like the US.⁵⁶

Evidence of sustained relations between the Caribbean and China carried well into the 1980's with several bilateral visits between the region and China as seen in tables 3.1 and 3.2. Such visits contrast sharply with more readily available assumptions that Caribbean states engagement with China is more of a Post-Cold War phenomena. For instance, Guyana's president, Forbes Burnham returned to China in June 1984 and met with Chairman Deng Xiaoping. During the second visit, the two sides signed various agreements encompassing economic and cultural cooperation.⁵⁷

The facilitation of closer bilateral ties between Caribbean and Chinese elite decision-makers was also evident in the case of Barbados. Barbados's then Prime Minister, John Adams, paid an official visit to China on June 11-18th, 1980 and met with Chinese leader Deng Xiaoping.⁵⁸ Adams highlighted the significance of Chinese foreign policy to the Third World and its cognizance to the Caribbean region and noted in his official address to China's State Council; "The relations of Barbados and other Caribbean countries with China are different. China has never interfered in any way in the internal affairs of Barbados and other countries, and never has it disrupted peace of Barbados and the Caribbean region."⁵⁹

These bilateral engagements symbolized an opportunity for acting on the shared ideals of developing states in the international system. Thus increased cooperation in areas of mutual interests signaled their commitment to facilitating ties among like-minded states. It may be noted that Caribbean leaders given the traditional historical ties with China and based on their individual

⁵⁵ China's Embassy, Kingston, Jamaica

⁵⁶ China Ministry of Foreign Affairs, Bilateral Cooperation with Jamaica, http://www.fmprc.gov.cn/mfa_eng/

⁵⁷ <http://www.stabroeknews.com/2010/guyana-review/06/24/diplomacy-china%E2%80%99s-asymetric-diplomacy/>

⁵⁸ China's Embassy, Barbados

⁵⁹ Ibid

persuasions as well as the systemic influences at play during the Cold War, utilised diplomacy during the Cold War era, to forge relations with China.

The foreign policy decision-makers of the Caribbean region determined that Third World solidarity framed by a commitment to equality, sovereignty and non-interference by western powers in the affairs of Third World states, were worthwhile goals to be pursued at the height of the Cold War period. Thus, the ideological themes and persuasions that defined the Cold War era, made it possible for Caribbean leaders to decide the direction of their country's foreign policy relations vis-à-vis China. China for its part, maintained a commitment to the Caribbean region even during that period, although this has been insufficiently explored in the literature.

Table 3.0: English -Speaking Caribbean States Diplomatic Relations with China in the Cold War Period

Country	Establishment of Diplomatic Relations with China	Year China's Embassy opened in the Caribbean
Guyana	June 27, 1972	1972
Jamaica	November 21, 1972	1973
Trinidad	June 20, 1974	1975
Barbados	May 30, 1977	1979

Source: compiled by author

Table 3.1: Selected Caribbean Heads of Government visits to China (1974-1989)

1970's	TRINIDAD	Prime Minister Eric Williams, Chairman Mao Zedong	November 6 th , 1974
		Prime Minister Eric William, Chairman Mao Zedong Premier Zhou Enlai	January 31 st - February 6 th 1975
	GUYANA	President Forbes Burnham Deng Xiaoping and Premier Zhou Enlai	March 1975
	JAMAICA	Deputy Prime Minister David Coore, Premier Hua Guofeng	September 23-29 th , 1976
1980's	BARBADOS	Prime Minister Hon. JMG Adams, Chinese Vice Premier of the State Council, Deng Xiaoping	June 11 th -18 th , 1980
	Guyana	Prime Minister Forbes Burnham President Li Xiannian, Deng Xiaoping and Hu Yaobang,	June 11 th , 1984
	TRINIDAD	Prime Minister George Chambers met with Chairman Deng Xiaoping	July 13- 15, 1985

Source: compiled by author; China's Caribbean Embassies

Table 3.2: Selected Chinese High Level Government Official Visits to Caribbean (1974-1989)

1970's	TRINIDAD	Vice Minister of Fuel Chemical Industry Tang Ke, PM Eric Williams	January 10-17, 1975,
		Vice Premier Geng Biao, Prime Minister Eric William	July 12- 16, 1978,
	JAMAICA	Deputy Prime Minister David Coore, Premier Hua Guofeng	September 23- 29, 1976

1980's	BARBADOS	Vice Chairman Ngapoi Ngawang Jigme; National People's Congress (NPC), PM Adams	March 1981,
		Vice Foreign Minister Zhu Qizhen, PM Sandiford	October 1987
	TRINIDAD	Vice Chairman Ngapoi Ngawang Jigme, NPC, PM Williams	March 4-9, 1981
		Vice Foreign Minister Zhu Qizhen	July 3-5, 1986
	JAMAICA	Vice Minister of Foreign Trade, Lu Xuejian	May 24 th -28 th , 1986

Source: compiled by author; China's Caribbean embassies

4. Caribbean states diplomacy with China Post-Cold War: rising economic pragmatism (1990-2007)

In the previous section, a discussion based on Caribbean states diplomacy with China in the Cold War period was undertaken. The findings contrasted with the literature on China Latin America Caribbean relations more broadly. In effect, it demonstrated a deeper multilateral and bilateral relationship that has remained under-explored in the literature on China's rise in the Latin America Caribbean region during the Cold War period. This section now turns to the Post-Cold War phase of Caribbean states diplomatic engagement with China. This phase has been distinctly driven by economic concerns and is in sharp contrast to the more ideological phase of the Cold War period. Caribbean states sought to align economic considerations with foreign policy decision-making. Thus, resulting in a more pragmatic approach to relations with China in the Post-Cold War period under survey.

In an effort to illuminate how and why diplomacy became largely steeped in economic considerations, this subsection first examines the broader economic processes that influenced policymaking between Caribbean states and China in the Post-Cold War period. As already examined in chapter 2, when discussing China's role in the Caribbean, China's economic emergence in the international system enabled a "going out policy" to the developing world including the Caribbean region.

Coinciding with China's rise were key structural economic constraints which influenced Caribbean states policymaking vis-à-vis China. Among these were *inter alia* a decline in aid from traditional partners like the US and loss of preferential markets for Caribbean states agricultural trade on the EU market in the Post-Cold War period (1990-2007). Such economic conditions created an environment conducive to the expansion of ties between the Caribbean region and China. Given the economic circumstances which motivated Caribbean states decision-making towards China, it

is important to conceptualise Caribbean states policymaking regarding China beyond the more familiar notions of “dollar diplomacy” often attributed to small states diplomatic engagement with China.

The roles of decision-makers are essential to understanding the economically pragmatic turn in Caribbean states diplomacy with China in the Post-Cold War era. Policymakers in the Caribbean and China convened to articulate a framework of cooperation with China through various multilateral and bilateral fora to determine terms of engagement between the two sides.

Moreover, China utilised its economic rise to facilitate a more active foreign policy in relation to its political interests. Thus, a fundamental foreign policy goal for China has been diplomatic recognition through the “one China policy” in relation to Taiwan.⁶⁰ China has long enunciated its foreign policy through the “Five Principles of Peaceful Co-existence,” which seeks to protect *inter alia*, its sovereignty.⁶¹ On the Taiwan question, China’s Ministry of Foreign Affairs acknowledges, “Taiwan is a sacred and inseparable part of China's territory.....the Communist Party of China and the Chinese government take the completion of the grand cause of China's peaceful reunification as their historical mission.”⁶² China’s ascent and its perceived ability to influence the development trajectory within developing states, enabled China to pursue its political interests in the Caribbean. For the latter, China also became a viable economic partner in the Post-Cold War period.

4.1 Structural economic constraints versus dollar diplomacy

The major structural economic conditions impacting Caribbean states in the 1990’s, made Caribbean states amenable to deepening existing relations with China or facilitating China’s foreign policy aims through the establishment of new diplomatic ties. Thus, while small states engagement with China, has at times been characterized as “cheque-book diplomacy”, this can give rise to an inadequate portrayal of such states engagement with China. For instance, Erikson (2009:6) dismissed the China versus Taiwan issue in the Caribbean as one of “economic

⁶⁰ States who enter diplomatic relations with China have to forgo diplomatic ties with Taiwan on the basis of “One China” principle.

⁶¹ These are mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence.

⁶² http://www.fmprc.gov.cn/mfa_eng/ziliao_665539/3602_665543/3604_665547/t18027.shtml

opportunism”. Taylor (2002:134) also viewed African states relations with China within a similar prism. Pacific Islands relations with China have also been subjected to similar views (Hanson; 2008: 8). However, concentrating simply on economic inducements in Caribbean states diplomacy with China, overlooks Caribbean states heightened economic vulnerability to various economic constraints. It was against a backdrop of complex economic conditions that Anglophone Caribbean states embarked on diplomacy with China in the Post-Cold War period.

Firstly, in the aftermath of the Cold war period, Caribbean states faced dwindling economic aid and technical assistance like many states in the developing world that had sought to facilitate economic interests within the bipolar structure of the Cold War era. After the collapse of the bipolar international order, by 1991, Caribbean states such as Cuba lost at least US\$ 2.3 billion in annual economic assistance in accordance with IMF estimates.⁶³ Soviet assistance had amounted to about 15% of Cuba’s GDP by 1990.⁶⁴ This resulted in a substantial economic loss for Cuba.⁶⁵

Soon after the collapse of the former Soviet Union, in 1991, the Cuban Government dispatched a delegation to China to meet with Chinese leader, Jiang Zemin, to discuss the economic and political situation in Cuba. According to Mesa-lago (1993: 199), Cuba and China then signed a five - year trade agreement for US\$500 million on an annual basis. In line with China’s reinforced economic commitment to the Caribbean region, in 1993, Jiang Zemin embarked on his first visit to the Caribbean region and met with Cuban leader, Fidel Castro. Such high level bilateral diplomacy was economically significant but also highly symbolic. It marked the first visit of a Chinese President to Cuba and showed a strengthened commitment by China to old diplomatic allies in the Caribbean region.

The Anglophone Caribbean was also facing a situation of declining aid and technical assistance from the United States. By the 1990’s, US aid and technical assistance to the Latin America Caribbean region declined by almost half the amount it was in the 1980’s. According to figures from the US Agency for International Development, annual average foreign assistance to the region was US \$3.2 billion in the 1980’s, but by the end of the 1990’s, it had dwindled to US\$ 2

⁶³ <https://www.imf.org/en/Publications/WP/Issues/2016/12/30/The-Fall-and-Recovery-of-the-Cuban-Economy-in-the-1990-s-Mirage-or-Reality-4066>

⁶⁴ https://www.ascecuba.org/asce_proceedings/the-cuban-economic-crisis-of-the-1990s-and-the-external-sector/

⁶⁵ <https://www.pbs.org/wgbh/americanexperience/features/comandante-cold-war/>

billion across the region.⁶⁶ Such substantial cuts in foreign assistance impacted on the economies of many Caribbean states. According to Richard Bernal (2015: 197) the Caribbean was targeted for significant reductions in aid by the US Congress through-out the 1990's as United States foreign policy shifted towards rebuilding Eastern Europe after the collapse of the Soviet Union. The collapse of the former Soviet Union and the decline in US economic assistance coincided with the reinforcement of ties between the English - speaking Caribbean and China. Thus, in February 1990, China dispatched an official delegation to Barbados headed by China's Vice Foreign Minister, Liu Huaqiu, to discuss the international economic and political situation. In an effort to provide financial assistance to Barbados, the two countries signed an agreement on providing gratuitous assistance. Later in May 1990, Barbados's Prime Minister, Erskine Sandiford headed a delegation to China. Sandiford met with Jiang Zemin. In order to further financial cooperation, an agreement on Economic and Technological Cooperation was signed. Moreover, the first Prime Ministerial visit to China by Jamaica was undertaken in 1991. In June 1991, Jamaica's Prime Minister Michael Manley met with Jiang Zemin. The subject of the talks was the international economic situation. Jamaica and China signed three cooperation agreements.⁶⁷

Secondly, the decline in aid was further exacerbated by the continuing impacts of structural adjustment programmes promoted by international financial institutions such as the IMF and World Bank in respective English- speaking Caribbean states. Barbados, Guyana, Trinidad and Jamaica all faced adjustment programmes during that period. In line with Washington Consensus policies, liberalisation of various economic sectors were promoted. There was a move to decrease state owned enterprises in the resource states of Jamaica, Trinidad and Guyana.

The tightening of fiscal policies, including tax reform and cutback to public sector spending, were also part of structural adjustment policies undertaken in the various Caribbean states mentioned. These policies were promoted by these IFI's to engender changes in the domestic economies of states to promote efficiencies and economic growth in line with more capitalist liberal principles.

⁶⁶ US foreign Assistance to Latin America and the Caribbean, Congressional Research Service, January 3, 2006, p.13

⁶⁷ One was an economic cooperation agreement, another was a loans agreement and the third one was a cultural and technical cooperation agreement.

However, while promising on the surface, Washington Consensus policies meant that Caribbean states had to put in place economic policies that were largely externally driven. Doing so meant a period of adjustment by Caribbean economies which left many struggling to adjust to the tighter fiscal policies promoted by the IMF. For instance, as shown by Downes (1994: 71) in 1991, lending by Barbados from international financial institutions such as the IMF and World Bank meant the imposition of an 8% wage cut across the public sector which inevitably squeezed private spending for specific sectors of the work force. Structural adjustment policies in Jamaica had a negative impact on the poor, according to Potter *et al* (2015: 216). Tax regimes were also being overhauled in various English speaking Caribbean states for greater revenue collection. Between 1992- 1997, Jamaica, Barbados, Trinidad and Guyana had to revamp their tax systems in order to increase collection of revenue across various sectors (see Hilaire, 2000). The increased tax burdens impacted on the buying power of households across those states in the English - speaking Caribbean region.

Thirdly, the impact of the WTO's ruling on removal of preferential treatment by the EU on bananas, the main agricultural crop in the smaller Anglophone Caribbean states such as Dominica, Saint Lucia and Grenada, also impacted negatively on Caribbean states economies. These states faced tremendous financial difficulties in relation to the challenge posed by the WTO's ruling on the EU's preferential regime for Caribbean bananas. The case was brought to the WTO by Latin American producers and backed by the United States.⁶⁸ The ruling against the EU's preferential regime for bananas from the Caribbean in 1997, meant that revenues from the crop not only declined considerably but also impacted on the GDP of those states. Saint Lucia faced a deteriorating economic situation due to a loss of trade preferences through-out that period. According to Josling and Taylor (2003: 129) in Saint Lucia, banana exports to the EU worth US \$ 73.9 million in 1990, dwindled to 32.2 million by 1999. This was less than half the figure for 1990, two years after the WTO ruling. In the 1990's, GDP growth declined to an average 3.01 per cent in relation to Saint Lucia. Countries like The Bahamas was also experiencing negative growth, and per capita GDP growth was -0.20 in that period.⁶⁹

⁶⁸ US multinationals were operating in the banana industry in Latin America. It was increasingly clear as the 1990's unfolded that the EU was unable to guarantee preferential treatment for the crop at the expense of their own economic interests vis-à-vis the United States. This had a huge impact on the economies of respective Caribbean states.

⁶⁹ Quoted in Caribbean Center for Money and Finance, February 2012

4.2 Caribbean states policymakers reinforce ties with China amidst economic constraints

Acting within the context of substantial economic changes at the international level, Caribbean states reassessed their foreign policy relations with China and sought to accommodate China's ascent in the global sphere in their policymaking. Some sought to either reconfigure their long-established ties with China along highly commercial lines, while for some others, officials became more amenable to facilitating diplomatic relations. In tandem with structural economic constraints, high level visits between Caribbean states and China were particularly intense through-out the 1990's.

The high level diplomatic engagements were often predicated on an increase in aid, investments and technical assistance from China to facilitate economic interests. Annual visits between high level Chinese state officials and Jamaica were undertaken through-out 1990-1999, except in 1997.⁷⁰ In the case of Barbados, through-out the 1990's, more than twelve official engagements occurred between Barbados and China for the period 1990-1999.⁷¹ Trinidad's diplomatic engagement with China was also quite active, resulting in at least seven high level official visits between Trinidad and China for the same period.⁷²

Concomitantly in the 1990's, Caribbean states such as Saint Lucia and the Bahamas were undergoing their own foreign policy shifts. These states had yet to recognise China and had diplomatic relations with Taiwan. Both states convened closely with Chinese officials to discuss the pursuit of diplomatic relations based on mutual interests. In 1995, Bahamian Foreign Minister Janet Bostwick met with China's Vice- Foreign Minister Li Zhaoxing in Beijing.⁷³ Bilateral processes are often a means of highlighting matters of mutual interests to the parties concerned. As such, the question of the recognition of the PRC by the Bahamas would have likely been implied in the talks between the parties.

In 1995, Saint Lucia was also engaging closely with Chinese officials in the United Nations through Ambassador George Odlum who sought to further interests between Saint Lucia and

⁷⁰ China's Embassy, Jamaica, Official visits to Jamaica.

⁷¹ China's Embassy Barbados, Official Visits of China to Barbados.

⁷² China sent a delegation to Trinidad in February 1990 headed by China's Vice Foreign Minister, Liu Huaqiu. The latter held talks Prime Minister Arthur Robinson on the international economic and political situation. This was followed by a 1992 visit by China's Secretary General of the State Council, Luo Gan, to Trinidad (China's Embassy, Trinidad).

⁷³ <http://bs.china-embassy.org/eng/sbgx/t268059.htm>

China. The formal diplomatic recognition China would come two years later, when Odlum became Foreign Minister under the Kenny Anthony administration in 1997. Upon the establishment of diplomatic ties, Odlum noted that the occasion underscored the need for St. Lucia to observe its own sovereignty in order to promote development goals.⁷⁴ Saint Lucia received millions in aid assistance from China after brokering a closer relationship with Beijing up to 2006.⁷⁵ The Bahamas and the PRC also formally established diplomatic relations in 1997. Bahamian Prime Minister, Hubert Ingrahm, made an official visit to China soon after, and undertook an agreement with China on the provision of aid gratis.⁷⁶

By the millennium, economic constraints also facilitated the turn to a rising China. Dominica, another Anglophone Caribbean state, faced with stagnating economic growth, saw China as an increasingly reliable economic partner in the pursuit of its national economic interests. Thus, its foreign policy shifted towards embracing China instead of Taiwan.

In establishing relations with China and severing diplomatic ties with Taiwan, Dominica's Prime Minister, Roosevelt Skerrit, highlighted China's emergence in international affairs as prompting a broader consideration of the country's foreign policy. In an address to the nation on March 29th, 2004, Skerrit declared, "My government became convinced that it was necessary in light of changes in world conditions to begin to overhaul our foreign policy as a matter of urgency."⁷⁷ Prime Minister Skerrit further noted; "We reassessed the and re-evaluated our foreign policy and felt that it was in Dominica's domestic interest that we establish relationship with the People's Republic of China ...We could not continue ignoring the existence of China."⁷⁸ The Skerrit Government received US\$100 million in grant aid in over six years from China. The funds were geared towards infrastructure investments in Dominica.⁷⁹ In line with the strategic foreign policy shift, Dominica's leader acknowledged that resolving the Taiwan or China issue would likely involve long term considerations that would need to be addressed by the territory of Taiwan and China and that national priorities dictated the decision to recognise the "one-China policy."

⁷⁴ http://archive.stlucia.gov.lc/pr1997/saint_lucia_establishes_diplomatic_relations_with_china.htm

⁷⁵ Relations with China was broken when in 2006 when the Anthony Administration lost the general election in 2006. Relations with Taipei which had been a diplomatic ally from 1984 -1997 was restored.

⁷⁶ http://www.npc.gov.cn/englishnpc/Special/SpecialVisitsCuba/2009-09/01/content_1516855.htm

⁷⁷ <http://www.caribbeannewsnow.com/caribnet/2004/03/30/taiwan.htm>

⁷⁸ http://www.bbc.co.uk/caribbean/news/story/2004/03/040329_dominica-china.shtml

⁷⁹ *ibid*

The pragmatic economic decision in diplomacy did not only occur in Dominica but also with regards to Grenada. The impacts of economic constraints meant an economic turn to China in the case of the latter. In December 2004, Grenada's Prime Minister, Keith Mitchel, embarked on a visit to China to seek financial relief in the aftermath of Hurricane Ivan. The financial cost of rebuilding Grenada after the disaster was estimated at nearly US \$1 billion, according to World Bank estimates.⁸⁰

Later, on January 20th, 2005, Grenadian Foreign Minister, Elvin Nimrod, met with China's Foreign Minister, Li Zhaoxing, in Beijing where they signed a joint Communiqué on the resumption of diplomatic relations between the two countries.⁸¹ The occasion was used to reaffirm China's own foreign policy in the external realm while also enhancing increased economic cooperation. Therefore, China's Foreign Minister acknowledged that, "The normalization of relations between China and Grenada is in the basic and long-term interest of the two peoples and once again shows to the world that the one-China principle is widely recognized by the international community."⁸² After the re-establishment of diplomatic relations, various infrastructure investments were undertaken in Grenada by China. A grant of US\$ 6 million was provided to assist with building 2000 housing units in Grenada. A cricket stadium costing US\$ 40 million was also built by China.⁸³

With the deepening of relations between the Anglophone Caribbean and China, the two sides convened the first China-Caribbean Economic and Trade Cooperation Forum in Jamaica in February 2005. The overall aim of the forum was to act as an initial catalyst for deepening economic cooperation between the Caribbean and China. The forum aided tremendously in expanding China's commercial activities in the Caribbean. It preceded an increased level of concessional lending and trade (see chapters 4 and 5). The high-level forum was attended by officials of Anglophone Caribbean states with diplomatic relations with China. Officials from Cuba also attended (see table 3.3). The host of the inaugural forum, Prime Minister, P. J Patterson of Jamaica, acknowledged the new turn in Caribbean China relations. Patterson noted that an

⁸⁰<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:22324886~pagePK:34370~piPK:34424~theSitePK:4607,00.html>

⁸¹ <http://english.mofcom.gov.cn/aarticle/newsrelease/significantnews/200502/20050200016858.html>

⁸² <http://english.mofcom.gov.cn/aarticle/newsrelease/significantnews/200502/20050200016858.html>

⁸³ Great Britain House of Commons Report Vol. II, East Asia, 2005-2006

increasing number of Caribbean countries had become committed to the ‘One China Policy’⁸⁴ and were active participants in mutually beneficial cooperation programmes with China.⁸⁵

In light of the issues just discussed, overly concentrating on the quid pro quo basis for diplomatic recognition of either Taiwan or China, obscures how economic conditions prompted a broader shift in Caribbean states foreign policy regarding China. The significance of a rising China to decision-makers in the Caribbean coincided with a period of much economic uncertainty at the domestic and international level for Caribbean states. Doing so also overlooks China’s own emphasis on expanding its economic role in the Caribbean region as part of the developing world.

Caribbean states and China gave new impetus to their relations through diplomatic engagements through-out the initial phase of the Post-Cold War era. For China, the Caribbean region represented a means of expanding its economic influence in the developing world through strengthening economic relations with old diplomatic allies in the Cold War period and intensifying its diplomatic outreach to other states within the Caribbean region. For the region, China was fast becoming a global economic player that the region could not afford to overlook.

In accounting for the economic constraints which coincided with the turn to China, a more generalised portrayal of Caribbean states diplomacy may be put forward. Therefore, it is important to go beyond the more narrowly based conceptions of “dollar diplomacy,” often attributed to small states in relations with China, notwithstanding the possible financial inducements attached to the “China versus Taiwan” diplomatic tussle.

Table 3.3: List of Delegates First China Caribbean Economic and Trade Cooperation Forum, 2005

Country	High Level Official
Antigua	Prime Minister; Baldwin Spencer
Dominica	Prime Minister; Roosevelt Skerrit
Jamaica	Prime Minister; Percival James Patterson
Cuba	Vice President; Carlos Lage Davila
Bahamas	Minister of Trade and Industry; Leslie O. Miller
Barbados	Minister of Industry and International Business; Dale D. Marshall
Grenada	Minister for Foreign Affairs; Elvin Nimrod
Saint Lucia	Minister for External Affairs; Petrus Compton
Guyana	Advisor to the President; Manniram Prashad
China	Vice President; Zeng Qinghong

Source: author compilation; China Ministry of Foreign Affairs, News Release 2005

⁸⁴ In 2005, China had consolidated diplomatic relations with eleven (11) Caribbean countries out of fifteen (15).

⁸⁵ <http://jis.gov.jm/pm-opens-china-caribbean-trade-forum/>

5. The Anglophone Caribbean and China's new strategic economic diplomacy (2008-2016)

Having attempted show that Caribbean region's diplomatic engagement with China in the early Post-Cold War phase, was influenced in a large part by economic constraints and the concomitant rise of China in the global economic order, this section now turns to the second phase of what has been conceptualised as a "new strategic economic diplomacy" between Caribbean states and China.

As already acknowledged, Chinese elites like Xi Jinping has played a key role in this phase of relations by forging a more visible and strategic approach to China's high level diplomacy in the Anglophone Caribbean region. Xi's decision-making has been indicative of a more obvious expansion of Chinese foreign policy interests in the developing states of the Americas hemisphere. The role of decision-makers in influencing foreign policy have long been given salience in FPA. As Snyder et al (2003: 59) argues "to focus on individual actors who are state decision-makers...requires of course that a central place be given to the analysis of the behaviour of these officials."

Evident under Xi Jinping's stewardship, were four significant foreign policy developments which marked the beginning of new strategic economic diplomacy in the Caribbean and China relationship from 2008 to 2016. Firstly, China released its initial foreign policy paper on Latin America and the Caribbean in November 2008. This led to Xi Jinping's first visit to the Anglophone Caribbean as China's Vice President to discuss the new foreign policy approach by China towards the region. Secondly, soon after Xi assumed China's Presidency in March 2013, he undertook the first official visit by a Chinese president to the Commonwealth Caribbean in June 2013. Thirdly, under Xi's leadership, the Caribbean and China expanded diplomatic engagement through a multilateral three- pronged strategy encompassing the Caribbean, Latin America and China. This resulted in the inaugural China - CELAC forum in 2015. Fourthly, in 2016, China unveiled its second policy paper on Latin America and the Caribbean. This coincided with the first China and Latin America Caribbean Cultural year in 2016. These various foreign policy decisions promoted a new blue print for China's relations with the Caribbean region under Xi Jinping. This section then pays particular attention to Xi's role in diplomacy in relation to the English- speaking Caribbean region.

Nonetheless, while officials may formulate policies to express preferences and interests in ongoing interactions, how such policies are implemented on the ground by a disparate set of actors may not necessarily lead to an effective dispersion of ideals in practice. As will be seen in chapter 7, responses to Chinese economic engagement suggest concerns pertaining to particular economic practices by Chinese SOE's. China's government policies pertaining to the use of Chinese labour in investments in the region have also elicited unfavourable responses in the engagement despite the deepening ties.

Moreover, China's broadening engagement with the region is also occurring within the context of traditional US economic dominance in the region as will be seen in chapter 6. Notwithstanding such issues, it is still useful to examine Xi's decision-making in the region as the policies articulated under his tenure, do at least, act as a barometer to gauge how the parties wish for relations to move forward.

5.1 China's Policymaking: Xi Jinping's Diplomatic Pivot to the Anglophone Caribbean

In examining the trajectory of diplomatic engagement with the Anglophone Caribbean under Xi, it becomes evident that a new phase of strategic economic diplomacy initially formalised through the First LAC paper in 2008, was unfolding with a focus on the Caribbean. While China's diplomacy has long been directed at the developing world, with a view to increasing China's global stature, the landmark policy saw the entrance of a more visible foreign policy by China towards the Caribbean and Latin American region. Ardy and Boon (2017:116) argue that under Xi, "Chinese strategic narratives and policy actions draw certain categorical distinctions among states (with certain states considered as strategic)."

The timing of the diplomatic move by China was seen by some to be significant. *The Council of Hemispheric Affairs*, an American think tank, posited that such a diplomatic initiative served as a signal that Chinese engagement was entrenched in the traditional sphere of US influence and that China's saw the region as critical to its long term strategic interests.⁸⁶ Jiang (2008:1) characterised this development as part of creating renewed momentum in the relationship between the Latin America Caribbean region and China.

⁸⁶ <http://www.coha.org/china%E2%80%99s-policy-paper-on-latin-america-and-the-caribbean/>

Shortly after the release of China's first policy paper on Latin America and the Caribbean, in February 2009, then Vice President Xi Jinping and other Chinese officials, embarked on a tour of the Caribbean (see table 3.4). The aim was to share China's foreign policy aspirations among Heads of Government in the region. For instance, during Xi's visit to Jamaica, his meeting with Jamaica's former Prime Minister, Golding, underscored that China's foreign policy paper was the "new blue print for the development of relations emphasized by Hu Jintao for the Caribbean and broader Latin American region."⁸⁷ China's economic interests in the region was also of foremost consideration. During the 2009 visit, Xi, broke ground on a multi-million-dollar infrastructure investment project in Jamaica which included the building of Jamaica's Montego Bay Convention Center.⁸⁸ The new engagement signified the growing significance of the Caribbean in China's new strategic economic diplomacy.

Table 3.4: Selected high level visits between the English-Speaking Caribbean and China

COUNTRY	CARIBBEAN OFFICIALS	CHINESE OFFICIALS	DATE	PLACE
Jamaica	Prime Minister Bruce Golding	Vice President Xi Jinping	February 12 th , 2009	Kingston
Barbados	Prime Minister David Thompson	Vice Premier Hui Liangyu	February 16 th , 2009	Bridgetown
Bahamas	Prime Minister Hubert Ingraham	Vice Premier Hui Liangyu	February 17 th , 2009	Nassau

Source: compiled by author based on Caribbean government reports

Moreover, these foreign policy decisions by China illustrate that engagement was not just merely symbolic but grounded in pragmatic economic concerns. The increasing commercial relationship between the Caribbean region and China highlighted the need for China to further deepen its engagement with the region. In 2008, bilateral trade between China and the Latin America Caribbean region was already well over \$120 billion. China's stock of direct investment in Latin America and the Caribbean had reached \$25 billion by the end of 2007, accounting for 21% of China's total FDI abroad (Jiang 2008:1). As seen in chapter 2 (subsection 4.2), the region is significant in terms of China's global financial flows. As such, there are practical economic reasons for reaffirming China's foreign policy in the Anglophone Caribbean. Thus, China's reorientation towards the region has been largely steeped in financial considerations.

⁸⁷ http://news.xinhuanet.com/english/2009-02/13/content_10813223.htm

⁸⁸ http://news.xinhuanet.com/english/2009-02/08/content_10781487_2.htm

5.1.1 Re-engaging the Anglophone Caribbean under Xi Jinping's Presidency

After Xi's transition to China's presidency, Xi was able to signal the presence of the Caribbean in Chinese foreign policy both domestically and externally. While Xi has increasingly been recognised as overseeing a more assertive foreign policy by China, how this assertiveness has translated into seeking a more entrenched economic and political foothold in the Latin America and Caribbean region has been less examined. Lam (2015: 192) acknowledges that under Xi, China has had a more outward foreign policy. Similar sentiments pertaining to increased assertiveness in China's orientation towards the outside world under Xi has also been echoed by Tsang and Men (2016:7).

In marking a visible turn to the Caribbean region, Xi made the Anglophone Caribbean region a priority in China's diplomacy abroad and embarked on an official visit to Trinidad in 2013. During Xi's inaugural visit as President, he met with seven Heads of Government from the Caribbean region as well as representatives from Cuba as seen in table 3.5.

Table 3.5: Caribbean Heads of Government Meeting with China President Xi Jinping in Trinidad, 2013

COUNTRY	HEAD OF GOVERNMENT
Trinidad	Prime Minister Kamla Persad-Bissessar
Guyana	President Donald Ramotar
Antigua and Barbuda	Prime Minister Baldwin Spencer
Jamaica	Prime Minister Portia Simpson
Grenada	Prime Minister Keith Mitchell
Dominica	Prime Minister Roosevelt Skerrit
Bahamas	Prime Minister Perry Christie

Source: compiled by author

Xi utilised the occasion to highlight the role that the Anglophone Caribbean played in China's recognition at the United Nations. Xi acknowledged, "The Chinese people will never forget that Trinidad and Tobago cast its vote in favour of restoring the lawful seat of the People's Republic of China in the United Nations in 1971."⁸⁹ Very significantly, the visit also illustrated China's growing economic role in the Caribbean. Consequently, Xi committed to providing Caribbean states with more than US \$3 billion in loans.⁹⁰ The majority of the loans were focused on infrastructure investments across various economic sectors within the Anglophone Caribbean. The significance of Xi's visit to the English-speaking Caribbean region was also seen by observers in China as opening a new phase in relations with the region. As such, it promulgated a certain

⁸⁹ <http://be.china-embassy.org/eng/zxxx/t1046996.htm>

⁹⁰ <https://www.bloomberg.com/news/articles/2013-06-03/china-s-xi-offers-caribbean-nations-3-billion-in-loans>

rhetoric that China's status had risen in the Americas hemisphere. Straus (2009: 777) sees rhetoric as a significant part of Chinese foreign policy. Rhetoric can be used as a tool for framing its ascendance to a domestic audience while also conveying its interests in the external realm.

Thus, at the home front, Xi's expanded diplomacy within the Caribbean was seen as a means of further signaling China's elevated status in the Latin America and the Caribbean region. Xinhua News Agency noted that Xi had ushered in a new chapter in the relationship.⁹¹ China's Daily declared that China's relationship with the Caribbean under Xi would result in a profound impact on the China and Caribbean relationship in the long run."⁹² Others viewed Xi's interests in line with strategic commercial aims. The SCMP pointed out, "Beijing likely views the Caribbean as strategically important by virtue of its proximity to the US and major maritime trade routes such as the Panama Canal."⁹³ The region's ports were also seen to be of interests.

The new strategic economic diplomacy has not been lost on US government policy makers and pundits. Notwithstanding the economic significance of the Chinese engagement in the Caribbean, the strategic position of the region invariably gives rise to geopolitical considerations, a point already examined in chapter 2. Occurring almost in tandem with Xi's official visit, was US Vice President Joe Biden's visit to Trinidad. Biden was dispatched by the Obama Administration to meet with Caribbean leaders in Trinidad. In his address to Caribbean Heads of Government, he acknowledged, "I'm here because President Obama wanted me to have an opportunity to dialogue with all of you and because our country is deeply invested and wants to become more deeply invested in a partnership with all the nations of the Caribbean."⁹⁴ In covering the visit, US media, Bloomberg news, acknowledged that the US Vice President, Joe Biden, underscored the competition for influence in the Latin America Caribbean region by the world's two biggest economies.⁹⁵ The US Center for Strategic Studies, captioned the visit as: *Why does it matter?* and attempted to link Xi Jinping's visit to the Caribbean to possible competition for influence in the region.⁹⁶

⁹¹ http://news.xinhuanet.com/english/china/2013-06/05/c_132432058.htm

⁹² http://www.chinadaily.com.cn/china/2013xivisit/2013-05/31/content_16551915.htm

⁹³ <http://www.scmp.com/business/china-business/article/1533598/china-spends-billions-fund-caribbean-ambition#p01zL4r4cEpS0kcM.99>

⁹⁴ <https://obamawhitehouse.archives.gov/blog/2013/05/29/vice-president-biden-visits-trinidad-and-tobago>

⁹⁵ <https://www.bloomberg.com/news/articles/2013-06-03/china-s-xi-offers-caribbean-nations-3-billion-in-loans>

⁹⁶ <https://www.csis.org/analysis/chinese-president-xi-jinping-tours-americas-why-does-it-matter>

However, even with geopolitics considered, underlying economic considerations as a broader part of China's new strategic diplomacy in the Caribbean is not to be discounted. While the Caribbean region is small in terms of population, there are economic opportunities for China's state owned enterprises as well as its lending institutions. The region is also a market for China. As will be discussed in Chapter 4, China is a significant lender to Caribbean states for infrastructure investments. Therefore, the Caribbean is part of China's broader economic thrust in terms of expansion of capital investments in the developing world. As will be examined in Chapter 5, Chinese companies have invested at the very least, hundreds of millions of dollars in the resource sector in Jamaica, Trinidad and Guyana. Thus, there is a commercial rationale behind Chinese engagement in the developing world as explained by Breslin (2012). China's SOE's are very much driven by profit motives and consequently, China's increasing engagement with the Anglophone Caribbean is very much tied to economic interests.

Moreover, China's new strategic economic diplomacy under Xi has also been facilitated by Caribbean leaders decision-making. For Caribbean states, China is considered an important part of their diverging foreign policy interests in the external realm. Economic cooperation with China is seen as a means of reinforcing ties with emerging actors in the international system. This is not to counterbalance the influence of traditional actors. Rather, the intent is to increase economic maneuvering space to further economic interests, much like any other state in the international system. As such, the leadership within the Caribbean region has increasingly sought to engage with China on strengthening economic ties (see table 3.6).

Inevitably, policymaking by state decision-makers in the Caribbean has led to China playing a broader role in the Caribbean region. For instance, soon after Xi's visit to the Caribbean, in August 2013, Jamaica's Prime Minister met with Xi Jinping in Beijing. A key aspect of the bilateral engagement was the promotion of Jamaica's economic interests with China.⁹⁷ Trinidad Prime Minister Kamla Persad-Bissessar also met with Xi Jinping in Beijing in 2014. The focus of the visit was on economic cooperation. As such, loans for at least US\$750 million in infrastructure

⁹⁷ <http://jis.gov.jm/prime-ministers-statement-on-the-official-trip-to-china/>

investments for Trinidad was provided.⁹⁸ During these bilateral engagements, Xi indicated that relations between the Caribbean and China would be taken to a new stage.⁹⁹

Table 3.6: Selected diplomatic engagement with Caribbean Heads of Government and China's 2008-2016

Caribbean Country	Head of Government	Chinese President	Date	Place
Jamaica	Prime Minister Portia Simpson Miller	Xi Jinping	August 22, 2013	Beijing
Trinidad	Prime Minister Kamla Persad-Bissessar	Xi Jinping	February 26, 2014	Beijing
Bahamas	Prime Minister Perry Christie	Xi Jinping	January 7 th , 2015	Beijing
Antigua	Prime Minister Gaston Browne	Xi Jinping	August 27 th , 2014	Brasilia

Further, Caribbean states relations with China under Xi, has been marked by continued levels of public diplomacy involving “people to people” exchanges. Such increased interactions involve the strengthening of socio-economic and cultural ties between the region and China. This can be seen in various education initiatives. For instance, during Xi’s visit to the Caribbean in 2013, Xi indicated that China would provide scholarships for 1,000 students from the Caribbean region.¹⁰⁰ As at 2016, there were at least 150 Bahamian students studying in China.¹⁰¹

Various Confucius institutes in the Caribbean have also been established to facilitate educational exchanges. Since 2009, there has been increased financial assistance for the creation of Confucius Institutes in various Anglophone Caribbean states. The countries which host these institutes are Barbados, Jamaica, Trinidad and Guyana.

During Xi’s first diplomatic engagement with Jamaica in 2009, as Vice President, Xi attended the opening ceremony of the first Confucius Institute in Jamaica.¹⁰² While in Trinidad, Xi also signed an agreement for the first Confucius Institute. In May 2014, Guyana opened its first Confucius Institute dedicated to Chinese language learning and culture.¹⁰³ This was followed by an opening of Confucius Institute in Barbados in July 2014. According to China’s Ambassador to Barbados, Wang Ke, such institutes serve as a means of fostering cultural and educational exchanges between the Caribbean and China.¹⁰⁴

⁹⁸ <http://www.trinidadexpress.com/news/Kamla-returns-from-China-today-248045851.html>

⁹⁹ <http://www.chinese-embassy.org.uk/eng/zgyw/t1133069.htm>

¹⁰⁰ http://www.chinadaily.com.cn/china/2013xivisit/2013-06/03/content_16557717.htm

¹⁰¹ <http://www.thenassauguardian.com/opinion/letters/64092-what-does-china-want-from-the-bahamas>

¹⁰² <http://jis.gov.jm/confucius-institute-opens-at-the-uwi/>

¹⁰³ http://www.fmprc.gov.cn/mfa_eng/wjb_663304/zwjg_665342/zwbd_665378/t1158342.shtml

¹⁰⁴ <http://gisbarbados.gov.bb/blog/bdos-china-laud-confucius-institute/>

These educational exchanges have been an important part of forging closer links between the two sides through increased public exchanges. Such exchanges are often designed to promote China's influence globally and can positively impact Caribbean states perceptions of China and its role in the world. Thereby promoting China's soft power in the region. Short terms training programmes that expose Caribbean nationals to Chinese culture and influence has also been integrated into "people to people diplomacy." For instance, between 2012-2016, the total number of Chinese sponsored short-term training seminars offered to Dominica was 545.¹⁰⁵

5.1.2 President Xi Jinping: Broadening Caribbean and China Diplomacy to Latin America

Under Xi Jinping's stewardship, there has been a broader diplomatic initiative to expand the Caribbean and China relationship to encompass the broader Latin American region within a framework of intensified multilateral diplomacy. This three-pronged approach serves to further solidify China's ties with the developing states in the Americas hemisphere.

To aid its diplomatic foray into the broader region, China tagged on to regional organisations such as the Community of Latin American and Caribbean States (CELAC) to further cooperation.¹⁰⁶ Thus, in July 2014, Xi met with various CELAC leaders who had convened in Brazil for the China Latin America and Caribbean Summit,¹⁰⁷ to discuss China's relations with the region. The three sides, then issued a joint declaration aimed at promoting south-south cooperation.¹⁰⁸ By 2015, the LAC region and China convened the inaugural CELAC forum in Beijing. Xi Jinping stressed the significance of the growing partnership and delivered a speech entitled "Jointly Writing a New Chapter of the China-CELAC Comprehensive Cooperative Partnership."¹⁰⁹

The said forum was undertaken with a view to intensifying economic, social and political cooperation in a wide range of areas. A four-year cooperation plan was agreed upon for 2015-2019.¹¹⁰ Key decisions were undertaken. One regarded the facilitation of trade between China and

¹⁰⁵ <http://dominicanewsonline.com/news/homepage/news/international-relations/dominica-receives-new-chinese-ambassador/>

¹⁰⁶ CELAC is a 33-member bloc made up of South American, Central American, and Caribbean states - the US and Canada are not members. The grouping serves as an inter-governmental mechanism for promoting political, economic and social interests and was first launched in 2011.

¹⁰⁷ Argentina, Antigua, Brazil, Bolivia, Chile, Costa Rica, Cuba, Ecuador, Colombia, Guyana, Mexico, Paraguay, Peru, Suriname, Uruguay and Venezuela

¹⁰⁸ http://www.itamaraty.gov.br/images/ed_integracao/docs_CELAC/DECLCHALC.2014ENG.pdf

¹⁰⁹ http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1227318.shtml

¹¹⁰ http://www.chinacelacforum.org/eng/zywj_3/t1230944.htm

the CELAC to 500 billion USD. The other pertained to an increase in investment levels in the region to 250 billion USD within ten years.¹¹¹ If such projections hold, this would cement China's position as the second-largest trading partner for the region, after the United States.¹¹²

The continued significance of the Caribbean and Latin America under Xi's tenure, was again reinforced through the release of China's 2016 foreign policy paper on the region. The pillars of cooperation centered on political and economic cooperation, military assistance and promoting cultural links. The said policy initiative also coincided with the first China Latin America Caribbean Cultural Year declared by Beijing in 2016. The latter initiative was initially proposed by Xi during the 2014 China LAC Summit in Brasilia to expand the contours of Caribbean Latin America China relations. During the opening ceremony of the "Year of Culture" Xi noted that "China and Latin America and Caribbean countries share similar historical experiences and had aligned against hegemonism in the international system."¹¹³ Thus, the strategic significance of the region to China has been reinforced by Xi who has played a leading role in expanding China's diplomatic outreach to the region. As stated by Men and Tsang (2016: 14), "The decade under Xi Jinping's leadership is and will be an important and eventful one with the leadership making strategic decisions (to further Chinese interests within and without.)"

Although Caribbean and China relations have been longstanding, Xi's focus on expanding China's diplomacy more visibly to the Anglophone Caribbean, illustrated that China was intent on playing a more decisive economic role in the region alongside traditional actors. Xi's emphasis on the Caribbean region in China's diplomacy has brought about an increase in China's economic influence in the region as well as a renewal and revival of China's cultural and social ties across the region. As pointed out by Zhu Qingqiao, the Director General of the Department for Latin American and Caribbean Affairs at MOFA, "China's objective in the Americas was to move its relationship to a higher level, through closer co-operation...China's President, Xi Jinping, had issued instructions to build comprehensive but mutually beneficial multilateral ties with the region."¹¹⁴ Thus, policymakers have played a key role in shaping and reinforcing foreign policy, thereby influencing the scope and depth of the Caribbean and China relationship to some extent.

¹¹¹ http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1227318.shtml

¹¹² Inter-American Dialogue, *The New Banks in Town, Chinese Finance in Latin America*, Gallagher, Erwin, Koleski, Feb. 2012

¹¹³ http://www.bjreview.com/World/201611/t20161125_800073287.html

¹¹⁴ <https://www.barbadosadvocate.com/columns/view-europe-china-and-americas>

6. Conclusion

The task in this chapter was to examine how and why diplomacy has been a significant intervening factor in shaping the Caribbean and China relationship. Drawing from state decision-making within specific contexts and through key events, the chapter evaluated Caribbean states policy-making towards China through the Cold War and Post-Cold War phase of relations.

The findings contrasted with the underlying assumption in the literature that the Latin America Caribbean region, had been less engaged with China especially given the bipolar structure of the international system at the time. Despite the tensions between East and West and Caribbean states strategic position within the American hegemonic sphere, the two sides conducted ongoing high level diplomatic engagements. For Anglophone Caribbean states and Cuba, the ideational basis of the Cold War period, acted as a pull factor in determining a committed foreign policy towards China in the international system. This further highlighted such developing states agency in relations with China despite their significant vulnerabilities and power deficiencies as commonly understood.

It was also shown that diplomacy between the Caribbean region and China has been defined by a level of economic pragmatism exhibited by both the Caribbean region and China in their interactions (1990-2007). This phase was spurred on by Caribbean states domestic economic interests and China's concomitant rise in the international economic system. Thus, policymaking was undertaken with a view towards enhancing economic ties between the region and China. Moreover, evidence of a burgeoning third phase of strategic economic diplomacy from 2008-2016 was examined. This phase involved a subtle shift towards more extensive economic engagement as well as enhancing political and cultural links between the region and China.

The chapter illustrated the role of key decision-makers in shaping preferences in the Caribbean and China relationship. In doing so, it showed that diplomacy through elite state actors allowed for direct economic and political exchanges to take place to facilitate mutual interests. As discussed, Xi undertook a more visible diplomatic pivot to the Commonwealth Caribbean through close bilateral and multilateral diplomacy unlike his predecessors. Decision-makers within Caribbean states also sought to promote policies to expand relations with China. In examining diplomacy through policymaking, the chapter sought to engage more directly with the Caribbean

and China relationship. Thus, the chapter sought to illuminate how and why policymaking has to be understood as a key intervening factor shaping Caribbean states foreign policy towards China.

Chapter 4: Caribbean States Domestic Economic Engagement with China: lending dimension

Introduction

The previous chapter examined how and why diplomacy is seen as an essential intervening factor in the Caribbean states relations with China. The focus was not only on state actors in the policymaking process, but very significantly, on the particular political and economic conditions which often acted as pull factors to solidify relations between the Caribbean region and China within bilateral and multilateral contexts.

This chapter examines the role of intervening economic variables in Caribbean states foreign policy behaviour. NCR and FPA approaches both share an underlying assumption that foreign policy is best understood through the study of internal dynamics that shape preferences and influence decision-making in tandem with the mediating effects of structure. Consequently, how domestic economic factors determine states behaviour towards others outside their borders are critical intervening elements to be considered when examining foreign policy (Rose 1998:148).

The unit level economic issues which influence Caribbean states decision-making and the concomitant opportunities and challenges involved in pursuing domestic economic interests vis-à-vis China, point to the importance of going at the state level, to critically assess the unfolding economic interaction between the Caribbean region and China.

The chapter examines how domestic economic considerations have influenced Caribbean states decision-making towards China in the Post-Cold War period under scrutiny in the study (2005-2015). The focus is on an in-depth case study of Caribbean states lending from China for infrastructure investments. This case was selected as it was evident of a general pattern in Caribbean states interaction with China at the domestic level. While there have been increasing efforts to focus on China's infrastructure financing in Latin America, much of the literature often overlook the Caribbean region as part of the analyses (see Gallagher and Irwin, 2015; Cui and Garcia, 2016; Roet and Paz, 2009; Ellis, 2009; Devlin et al., 2006). As Bernal (2015: 1409) acknowledges, "studies give little or no data; nor do they make comments specifically on the Caribbean."

Added to this lack of systematic analysis into China's engagement with the Caribbean region is the overall tendency in the literature for developing states objectives and constraints to be marginalised in the engagements, with a seeming preference for delving into China's interests in the dynamic. However, developing states play an essential role in accommodating China's economic agenda and facilitating its deployment inside such states. Thus, playing a critical role in China's economic expansion overseas. Developing states also actively seek to shape China's economic activity to promote their national interests.

The chapter argues that Caribbean states domestic economic interests in expanding access to financing for infrastructure investments resulted in a strategic shift to China, due in part to China's economic emergence in the international system alongside traditional actors, as a source of development assistance. However, despite the tremendous opportunities proffered on the basis of China's economic emergence within the global context, for Caribbean states there appears to be an inherent tension within those ongoing dynamics.

The findings suggest that although Caribbean states have been able to utilise China's economic assistance to address key infrastructure deficits at the domestic level, the extent to which financing arrangements between the region and China impacts the more familiar debt and development patterns within the region may not necessarily be overlooked. This issue is especially relevant within the Caribbean context. The region is already impacted by high debt to GDP ratios. Previous experiences with debt in relation to external actors have also had adverse impacts on the region (see subsection 3). Therefore, the extent to which lending from China may evade preceding patterns of debt and dependency is left open for consideration.

But having said this, the findings of the case study also suggests that China's increased economic role in lending, has provided key economic opportunities for the region. China's financing has partly targeted areas that have not necessarily been a priority in lending by traditional actors, thereby making a positive contribution to the realisation of national development goals in the region. While studies on China's lending within the Caribbean are relatively scarce in the literature, preliminary assessments based on a cross section of official government reports in the Caribbean as well as from media sources, suggests that from 2005-2015, China has provided at the very least, close to US \$1 billion in loans to the region. Much of that sum has been dedicated to infrastructure development in select Caribbean states (see subsection 2.3). Should present

economic trends continue, it is anticipated that China may likely play an even wider economic role across the Latin America Caribbean region alongside traditional actors.

The chapter proceeds in two main sections. The first section aims to examine the significance of lending for infrastructure investments in the Caribbean and the resulting strategic shift towards China in the Post-Cold War period. The section then goes on to provide an empirically based portrayal of Caribbean states lending for infrastructure investments from China centered on a sectoral analysis of the areas targeted for investments. These sectors are namely; health, sports, tourism and maritime transport infrastructure sectors. It is important to do so because it is in examining the nature and scope of such investments that an understanding of why Caribbean states have expanded their engagement with China can emerge. The quantitative analyses also serve as a starting point for a more evidenced-based assessment of the impacts of the growing economic ties between the Caribbean and China at the ground level.

The chapter contributes to providing a developing country perspective in the discourse on China's rise in the Latin America Caribbean region. In doing so, it emphasises Caribbean states domestic economic interests, agency and constraints within a literature that has been largely China-facing. Moreover, the empirical evidence based on a sectoral analysis of Caribbean's states lending for infrastructure investments, contributes to addressing the empirical gap in the literature on Caribbean states economic relations with China. Thus, adding to the broader literature on China's relationship with developing states in the Americas hemisphere. In illuminating China's increasing role in financing in the Anglophone Caribbean region, the chapter also provides insights as to why China has been able to successfully amplify its economic influence in the region alongside traditional actors in the period considered. The latter issue will be examined more thoroughly in chapter 6.

Section 1

2. Contextualising Caribbean states economic turn to China for infrastructure financing

Despite the gap in the literature pertaining to the Caribbean's economic engagement with China, in recent years there has been an effort to uncover the patterns of Chinese financing in the developing world. Scholars like Brautigam (2011) and Taylor (2007) have concentrated on China's

oil and infrastructure financing arrangements in African states. Similar arrangements in Latin America have been examined by Brautigam and Gallagher (2014).

Like many small developing states, the Caribbean region faces significant infrastructure deficits. Such shortfalls are related to economic and social welfare associated infrastructure. Caribbean states outreach the China has been tied to transportation, housing, health and sports infrastructures. Trebilcock and Rosenstock (2015:335), posit that for such countries, infrastructure projects often “test government budgetary, technological and institutional capacity.” Thus, leading to the need for engagement with external actors for implementing capacity at the ground level.

Infrastructure gaps in various areas have been seen to create significant limitations in development across the region. ECLAC estimates, that to bridge the infrastructural gap in the LAC region, at least, 6% of states GDP, must be invested in infrastructure between 2016 and 2020. Part of that lack within the region is related to welfare generating infrastructure development projects.¹¹⁵ Similar conclusions have been arrived at by Trebilcock and Rosenstock (2015:336). The authors state, “meeting the infrastructure gap in Latin America and the Caribbean would require countries in the region to boost annual investment as a share of GDP from the current rate of 2 per cent to 5.2 per cent.” Likewise, the IMF in a paper entitled, *Regional Outlook, Western Hemisphere* (2016:79) notes that while infrastructure stocks have risen in LAC countries, the gains do not compare favorably with fast-growing regions like Asia. The glaring infrastructure deficits in developing states have not been lost on Chan *et al* (2017:14). They acknowledge that while infrastructure development is a tool for economic development in developing countries, it is “under-invested and undersupplied, (and this) poses a serious bottleneck for development.”

Underlying the intensified economic engagement between the Anglophone Caribbean and China, has been a strategic economic shift by such states to pursue national development goals with Chinese financial and technical assistance in areas deemed to be of economic priority at the national level. The emphasis on financing for infrastructure investments has also been facilitated by China’s own economic strategy in the developing world. The focus has been on aiding with infrastructure financing to help expand development opportunities within less developed states.

¹¹⁵ https://www.cepal.org/sites/default/files/infographic/files/infraestructura_ingles, p. 1

Western backed financial institutions have at times been considered as taking a top-down approach to development assistance whereby the priorities of institutions and the foreign policy goals of the leading member states within those institutions are seen as the chief motivator for development financing. This has led to concerns regarding whether such assistance is being tailored to the actual needs of developing countries (see Ramo 2004; Williamson 2012, 2014; Mckinnon 2010). China has been regarded as being particularly able to respond to developing states economic concerns through a south-south cooperation strategy whereby developing states aims are considered important to the lending process.

The official rhetoric from developing states on financing from China illustrate that such states often view China as a rising economic actor that can be differentiated from other traditional actors given China's particular modus operandi for development assistance. Thus, views from government officials encapsulate to a large extent the need to engage China at the domestic level in areas that are deemed to be of priority in the broader thrust for economic development in developing states.

Within this broader construct of China's differentiation from other actors, Caribbean Government leaders such as Dominica's Prime Minister Skerrit has criticised institutions like the World Bank as failing to respond adequately to addressing Caribbean states economic needs.¹¹⁶ Other representatives within developing regions such as Africa have also expressed China's receptivity to their economic needs versus other actors. The former President of Senegal, Abdoulaye Wade noted, "China's approach to our needs is simply better adapted...improvements in infrastructure have played important roles in stimulating economic growth."¹¹⁷ Moreover, at a gathering of government representatives in London in November 2013, diplomats from developing Commonwealth states had this to say about China's development assistance to the Caribbean and other developing states of the Commonwealth, "You ask the Chinese for help and it is a matter of how they can help and when. You ask the same of other institutions and the answer is never the same."¹¹⁸ Although such rhetoric points to a level of differentiation between China's financing and that of traditional actors, as will be discussed later, China's thrust in the developing world is very much premised on commercial gains, and as such, its increased funding within such states,

¹¹⁶ <http://antiguaobserver.com/prime-minister-critical-of-world-bank/>

¹¹⁷ <https://www.ft.com/content/5d347f88-c897-11dc-94a6-0000779fd2ac>

¹¹⁸ Author's participation in meeting of government representative, London, November, 2013

do come at significant costs, much like traditional actors engaged in securing profit-maximisation and other interests in economic engagement.

Developing states engagement with China's financing have not come without concerns. Crucially, how Chinese financing have played out at the ground level, have been subject to both scrutiny and debate in the literature. Developing countries outreach to China for lending has been seen by some as a challenge to the predominant aid architecture in the developing world. In examining Chinese lending for infrastructure investments to Africa, Naim (2007) concludes that China's aid could be characterised as "rogue aid." Taking up those debates, Dreyer and Fuchs (2016:988) based on empirical analysis of Chinese aid flows, argue that not only is China's aid not linked with politics when compared to western actors, it is also independent of natural resource endowments within recipient states. This is especially so in the Caribbean context, as natural resource endowments vary significantly among states. Yet, China has substantially extended its lending even to states devoid of significant economic resources. This suggests not simply altruism, but rather a targeted approach to facilitating developing states economic interests at the ground level with Chinese assistance.

Many of the arguments pertaining to China as acting counter to pre-existing aid frameworks have been refuted by Brautigam (2011) who points to areas of convergence, but also differences, between traditional donors and China. Brautigam (2011: 760) asserts that while development aid at the ground level by traditional partners tend to reflect donors priorities more readily than that of recipient countries, China attempts to channel its aid through high level discussions with developing state partners. Such discussions are often aimed at reconciling developing states interests with China's strategies.

Moreover, in an attempt to formalise its lending practices within the context of its foreign aid to developing states, China released its first white paper on the subject in 2014.¹¹⁹ It stipulated three main categories of financial flows; grant funding, zero interest loans and concessional lending. The said paper notes that grants are geared towards social welfare projects. Non-concessional lending is described as interest-free loans meant to aid recipient countries with constructing public facilities. The full tenure of such lending is said to be about 20 years. The period is inclusive of a

¹¹⁹ http://english.gov.cn/archive/white_paper/2014/08/23/content_281474982986592.htm

5-year grace period prior to repayment. Concessional lending is pursued mainly by China's domestic financial institutions, the China Exim Bank and China Development Bank. The paper notes that the annual interest rate of China's concessional loans is between 2 and 3 percent, with a repayment period of 15-20 years coupled with of 5-7 years period.¹²⁰

However, even with these categories introduced by China to describe lending to developing countries, there is still a lack of clarity with regards to how these have been applied with the practical context of China's financial engagement with developing states. For instance, the OECD's Development Assistance Committee, describes grants as, "transfers made in cash, goods or services for which no repayment is required."¹²¹ Therefore whether those loans carry a grant component or not, is not always clear.

In the Caribbean region's economic interaction with China, grant aid as described by the OECD is seen more readily in terms of equipment and technical training in the area of security assistance. The large majority of loans to the region appear to be based on concessional terms. As will be seen below, the bulk of China's financing within the Caribbean region has centered around financing from the China Exim Bank and China Development Bank with the involvement of China's state owned enterprises.

2.2 Cooperation framework for infrastructure financing

Financing for development aims has been part of the Caribbean and China engagement from at least the 1970's. It is possible to trace China's lending to Barbados, Jamaica and Guyana in that period as these states have had long standing relations with China. In 1975, China provided an interest free loan to Guyana and the latter exported bauxite to China.¹²² In 1986, under an Economic Cooperation Agreement between Barbados and China, Barbados secured a loan to construct the Garfield Sobers Gymnasium.¹²³ Jamaica for its part, entered loan agreements with China. As pointed out by Brautigam (2009) Jamaica was the first country to conduct a debt equity swap with China. In 1987 Jamaica agreed to having Shanghai No. 12 Cotton Mill take on the foreign aid debt of the Chinese aided polyester cotton textile mill in return for 46% of its shares.

¹²⁰ http://www.chinadaily.com.cn/cndy/2011-04/22/content_12373944.htm

¹²¹ <http://www.oecd.org/dac/stats/dac-glossary.htm#Grant>

¹²² Leonard Thomas, *Encyclopedia off the Developing World* (2006; 1184)

¹²³ China's Embassy, Bridgetown, Barbados

Within the Post-Cold war context of engagement, high level exchanges have been a prelude to deepening economic engagement between Caribbean states and China. The Caribbean's lending for infrastructure investments increased in both scale and intensity in 2005 following the First China Caribbean Trade Cooperation Forum in Jamaica. The forum provided a favourable platform for Caribbean states to assert their own economic interests. The framework agreement focused on infrastructure financing for key projects within the Anglophone Caribbean.¹²⁴ This then paved the way for increasing China's commercial activities at the local level through its various state enterprises and financial institutions.

The significance of infrastructure investments in the Caribbean region was further formalised in China's first White Paper on Latin America and the Caribbean in 2008.¹²⁵ China's leadership has also articulated a commitment towards infrastructure financing within the Caribbean region. In 2013, when China's President Xi Jinping paid his first visit to the Caribbean as the President of China, Xi then promised more than \$US 3 billion in loans to various governments within the Caribbean.¹²⁶ The emphasis of financing for infrastructure financing was also part of the Third China-Caribbean Economic and Trade Cooperation Forum. The said forum was held in Trinidad in 2011. China's Vice Premier, Wang Qishan, in his address noted that the China Development Bank would dedicate US\$1 billion to be used as special commercial loans for infrastructural development in the Caribbean.¹²⁷

Moreover, the Caribbean and Latin American region have continued to focus on China as a salient partner for infrastructure development. In line with their mutual interests, in 2015, the region and China convened the First China LAC forum in Beijing. The forum was dedicated to expanding engagement with the broader region. The forum proved to be an important avenue for widening Caribbean states access to lending for infrastructure development. At that forum, President Xi Jinping announced a new China-CELAC Cooperation Fund whereby loans would be made available to the region infrastructure development.¹²⁸ An initial investment of US \$ 5 billion was made by the China Exim Bank towards the fund.¹²⁹ Other funds with the aim of investing in the

¹²⁴ See articles 7-3 of the 2005-Caribbean Economic and Trade Co-operation Forum Ministerial Conference Guiding Framework

¹²⁵ http://www.gov.cn/english/official/2008-11/05/content_1140347.htm

¹²⁶ <https://www.bloomberg.com/news/articles/2013-06-03/china-s-xi-offers-caribbean-nations-3-billion-in-loans>

¹²⁷ <http://www.trinidadandtobagonews.com/blog/?p=5662>

¹²⁸ CELAC is a 33-member state bloc, known as the Community of Latin American and Caribbean States

¹²⁹ http://www.chinacelacforum.org/eng/lttdt_1/t1269475.htm

Latin America Caribbean region were also instituted by China to enable states access to concessional financing for development of various sectors in their economy. These funds have committed at least 35 billion USD to investments in the Latin America Caribbean region for the period 2015 (see table 4.0).

Further, emanating from the First LAC forum in 2015, was a decision to hold an annual infrastructure forum under the 2015-2019 cooperation plan between China and the Latin America Caribbean region. Thus far, between 2015 and 2017, China and Latin America as well as Caribbean states have undertaken three Infrastructure forums held in Macao. These have dedicated to cooperation on financing infrastructure investments in the region.

Table 4.0: Showing China's Latin America Caribbean Region Funds for 2015

NAME	YEAR	AMOUNT	ADMINISTRATOR
China-LAC Industrial Cooperation Investment	2015	10 billion USD	China Development Bank
Special Loan Programme China LAC Infrastructure	2015	20 billion USD	China Development Bank
China CELAC Cooperation Fund	2015	5 billion USD	China Exim

Source: author elaboration; Foro-China-CELAC

Under the aegis of these various institutional frameworks, Caribbean states have sought to expand access to financing for infrastructure development projects. Chinese sources like the SCMP suggest that in two English-speaking Caribbean states; namely the Bahamas and Jamaica, between 2005- 2012, both borrowed US\$ 4 billion from the China Exim Bank and China Development Bank.¹³⁰

However, in the absence of official figures from China or the Caribbean region with respect to this significant sum quoted above for the period, there is the possibility that this figure may likely be an amalgamation of both slated and actual investments in the Caribbean region in the states mentioned. In accordance with official government sources from Guyana and Trinidad, millions have been loaned from China for infrastructure investments. In 2012, Guyana's Minister of Finance, Dr. Ashni Singh and China's ambassador, Zhang Limin, signed a cooperation agreement for US\$4.8M.¹³¹ The loan was geared towards the implementation of bilateral co-operation projects to be agreed upon by the two Governments. In 2011, Trinidad also received concessional

¹³⁰ <http://www.scmp.com/business/china-business/article/1533598/china-spends-billions-fund-caribbean-ambition>

¹³¹ Ministry of Finance, Government of Guyana, "Bilateral Cooperation Projects," December 20, 2012.

lending from China for the sum of US\$ 100 million¹³² for building its National Academy of Performing Arts (NAPA).

In borrowing from China, it is commonly claimed that the terms are less stringent than loans from other state actors and international financial institutions. Kevin Gallagher et al (2012:1), note that the China Exim Bank does offer more generous terms than for instance, the US Exim Bank in Latin America. Lending across many English- speaking states by the China Exim Bank carry an interest rate of between 2-3% per annum. At least 10 infrastructure projects in five (5) English - speaking Caribbean states for the period 2007-2012 were based on concessional loans which carried an average of 2% interest rate (see Table 4.1). The loans were geared towards either building new public infrastructure or upgrading existing facilities.

Table 4.1 Showing Terms for Concessional Lending for Investments in Select Caribbean States

Year	COUNTRY	AMOUNT US\$	PROJECT	INTEREST RATE	CHINA INSTITUTION
2007	Jamaica	45 million	Montego Bay Convention Center	2%	China Exim Bank
2008	Dominica	40 million	public facilities	2%	China Exim Bank
2009	Bahamas	58 million	Airport Expressway	2%	China Exim Bank
2010	Jamaica	340 million	Road Construction	3%	China Exim Bank
2011	Trinidad	100 million	NAPA	2%	China Exim Bank
2012	Guyana	130 million	Expand Cheddi Jagan Airport	2%	China Exim Bank

Source: compiled by author (Ministry of Finance Barbados and Trinidad; and Caribbean newspapers)

Caribbean states engagement with Chinese financing for development projects have meant a shift in the economic dynamics at the ground level within the region. Thereby, effectively leading to China's increased economic influence within the region in terms of financing.

2.3 Sectoral Analysis of Caribbean states lending for Infrastructure Investments

This subsection focuses more specifically on how Chinese lending have been implemented at the ground level by Caribbean states with regards to particular sectors. These are namely, sports, health tourism and maritime sectors.

The sectoral analysis contributes to filling a gap in the literature on the Caribbean region's economic interaction with China. It provides empirical data which places within a more evidence-based framework, Caribbean states domestic economic engagement with China. The discussion

¹³² Press Release, Trinidad Ministry of Foreign Affairs, February 24th, 2014

also seeks to examine why Caribbean states have turned to China for lending for infrastructure investments in the economic sectors mentioned. Thus seeking to move beyond the common discourse pertaining to what China wants and why. In doing so, the subsection hopes to not only highlight the data, but in contingent with it, the agency and interests of Caribbean states in the interaction.

China's role as a significant creditor to the region began taking shape in the 1990's, starting with a focus on financing sports infrastructure. Post 2005, the engagement mushroomed into other commercial endeavours. Crucially, for the Caribbean region, China's role in infrastructure financing resulted in a diversification of the region's economic partnerships to include non-traditional economic actors. The outcome has been a more substantial increase in the region's maneuvering space for financing development goals.

2.3.1 Lending: sports infrastructure

The literature at times favours a more quid pro quo basis for viewing small developing states economic cooperation with China whereby such states are rewarded for giving up diplomatic recognition of Taiwan (Taylor; 2002, Henderson; 2001, Erikson et al; 2007). However, it is important to go beyond such debates and to examine developing states economic interests in shaping economic relations with China. This approach favours a more nuanced and balanced perspective on how and why developing regions such as the Caribbean, have expanded economic ties with China.

While what has been dubbed "stadium diplomacy" by China has at times been discussed in relation to developing states, the underlying reasons for the necessity of such projects from the perspective of such countries are often overlooked. In the Caribbean region, sports is seen as an important tool for growth and economic development. Within the English-speaking Caribbean region, the vast majority of the population are young people. In terms of the CARICOM group of countries, 63% of the population are under the age of 30.¹³³ For Caribbean states, encouraging investments by China in sporting facilities made sense from a national development perspective, notwithstanding the management and utility issues which have led to criticisms of sports infrastructure by China.

¹³³ <http://www.caricom.org/our-work/youth-development>

Caribbean states saw investments in sports infrastructure as a strategic means of harnessing youth talent and entrepreneurship as well as encouraging synergies between various economic sectors to help foster economic growth and development. For instance, in a bid to facilitate the development of sports, in 2001, member states of CARICOM made sports promotion an integral part of the Revised Treaty establishing the organisation.¹³⁴ China has also been positioned as an area for facilitating broader sports cooperation endeavours. In 2012, at the CARICOM Sports Meeting of the Council for Human and Social Development (COHSOD), Caribbean states considered China both as an investment partner and destination from which to draw sports visitors.¹³⁵

Given the significance of sports development to the Caribbean, it might be telling that countries such as Barbados made sports a priority in cooperation with China. Thus in 1986, under an Economic Cooperation Agreement between the two countries, Barbados secured a grant from China for assistance with the construction of the Garfield Sobers Gymnasium.¹³⁶ Further, in 1990, when Barbados Prime Minister, Erskine Sandiford, met with Chinese President Jiang Zemin, sports development was among the economic cooperation endeavours agreed too.¹³⁷

More specifically, an analysis of data for the English-speaking Caribbean between 2005-2008, showed that sports infrastructure remained a priority in much of engagement between the region and China during that period. China invested more than US\$ 100 million in sports infrastructure in select Caribbean states (see Table 4.2). These loans for stadium infrastructure generally carry generous repayment terms. In the case of Barbados, its 2009 Approved Budget Estimates Report showed that the 50, 000, 000 RMB (US \$ 7.3 million) came from China to finance gymnasiums. The loan was provided at zero interest rate with payment terms beyond a ten-year limit.¹³⁸

¹³⁴ Article 17 of the 2001 Revised Treaty of Chaguaramus recognises sports promotion as an integral part of human and social development in the CARICOM Community (CARICOM). The CARICOM grouping was first established in 1973 and the Member States were initially English-speaking Caribbean states and overseas British territories. These are; Antigua, Barbados, Bahamas, Trinidad, St. Vincent, St. Lucia, St. Kitts, Grenada, Dominica, Montserrat, Jamaica, Trinidad, Guyana, Belize. The British territories are the British Virgin Islands, Cayman Islands, Turks and Caicos, Bermuda and Anguilla. Non-English speaking states, Suriname and Haiti became members in 1995 and 2002 respectively.

¹³⁵ <https://caricom.org/communications/view/communiqu-issued-at-the-conclusion-of-the-seventeenth-special-meeting-of-the-council-for-human-and-social-development-cohsod-sport>

¹³⁶ <http://bb.china-embassy.org/eng/zbqxs/zzwl/>

¹³⁷ <http://bb.china-embassy.org/eng/zbqxs/zzwl/>. Bilateral Political Relations

¹³⁸ Barbados Approved Estimates of Expenditure, 2008/2009.

Table 4.2: Stadium Infrastructure Projects in Selected Caribbean States Financed by China 2005-2008

YEAR	COUNTRY	PROJECT	AMOUNT \$US (M)
2005	Dominica	Windsor Park Stadium	55
2006	Jamaica	Trelawney Stadium	30
2007	Grenada	Queen's Park Stadium	42.3
2007	Bahamas	Thomas A. Robinson National Stadium	30
2007	Antigua	Sir Vivian Richard Stadium	21
2008	Barbados	Gymnasium Refurbishment	7.3

Source: compiled by author (official government sources and newspaper reports)

The Caribbean region has seen some returns on sports infrastructure investment projects by China. For instance, China's lending for sports infrastructure investments was instrumental in helping the English-speaking Caribbean host the 2007 Cricket World Cup. Antigua's Prime Minister, Baldwin Spencer, acknowledged that China's assistance was critical in aiding such states to optimise the immediate gains and possible spillovers from such international activities.¹³⁹ Thus, for Caribbean states, China is an important economic partner which seeks to take their national priorities into account in terms of lending.

But while Caribbean states view investments in sporting infrastructure as a potential for growth and development, for some, the extent to which these are fully exploited needs to be considered. Thus, the concern is that these may serve as a symbolic highlight of China's growing influence in the Caribbean without necessarily rendering a high level of tangible economic benefits at the domestic level. For instance, the Jamaica Gleaner Newspaper on May 19th, 2013, lamented that although \$248 million in loans had been used to construct a mini-stadium in Sligoville, Jamaica, the stadium laid in ruins. However, despite such issues, sporting endeavours have continued to be of relevance in Caribbean government's decision-making in relation to China. In 2016, Grenada opened a new National Athletic and Football stadium facility built by China at a cost of US \$32.3 million.¹⁴⁰ Grenada's Prime Minister, Keith Mitchel, noted that the new stadium would offer more job opportunities while also boosting the country's tourism potential.¹⁴¹ China has been seen as a

¹³⁹ <http://www.newsday.co.tt/news/print,0,53893.html>

¹⁴⁰ Grenada's Approved Budget Estimate Report of 2012, Government of Grenada, p.xvi

¹⁴¹ <http://thenewtoday.gd/local-news/2016/02/04/national-athletic-football-stadium-officially-opens/#gsc.tab=0>

key partner to help further develop the sporting sector in the region through its assistance with the relevant infrastructure required for the promotion of sports.

2.3.2 Lending: health infrastructure

Underpinning lending for health infrastructure has been a deliberate strategy by Caribbean states to facilitate China's role in the health care sector. This has also been aided by China's own ethos in development aid. China often views itself as a partner which seeks to increase south-south cooperation in a manner that it deems beneficial to recipient countries.

The involvement of China in healthcare facilities have allowed Caribbean states to formulate cooperation around the targets that they deem to be relevant for growth and development. Health care services have been recognised by Caribbean states as invariably affecting economic growth whether directly or indirectly given the need for a healthy and productive labour force. In 2009, CARICOM promoted a "Regional Health Framework" for investment in health for economic development for 2010-2015.¹⁴² The Caribbean region has utilised lending from China to expand existing health infrastructure and to create new ones while also enlisting China's technical assistance in terms of health services.

The analysis of China's economic engagement with developing states, often overlook the role of China in meeting the development goals of such states. In line with developing states needs, China has made healthcare a key pillar of cooperation in its first foreign policy paper on Latin America and the Caribbean in 2008.¹⁴³ Caribbean leaders also made development of the healthcare sector a priority in during President Xi Jinping's visit to Trinidad in 2013. Among the outcomes of that meeting with President Xi, was an agreement for healthcare cooperation.¹⁴⁴ Thus far, a number of healthcare initiatives have been undertaken between the region and China. In the five-year period between 2011-2016, three selected English- Speaking Caribbean states received more than US \$800 million in loans from China for health infrastructure (see table 4.3). This figure takes into account a cross-section of health projects in Jamaica, Trinidad and Dominica but does not consider other health infrastructure projects in other states within the Anglophone Caribbean.

¹⁴² http://cms2.caricom.org/documents/13934-cch_iii_summary.pdf

¹⁴³ http://www.gov.cn/english/official/2008-11/05/content_1140347.htm

¹⁴⁴ <http://www.trinidadexpress.com/news/China-to-fund-new--Arima-hospital-209817281.html>

The concessional loans provided are usually for a period of 20 years, with an interest rate of between 2.5% and 2.9%.¹⁴⁵ There can also be an initial grace period of five years attached to the funding. As seen in table 4.3, in 2013, a loan of US \$140 million was provided by China to Trinidad to build the Arima Hospital. In 2012, Trinidad borrowed nearly 1 billion \$ TT (US \$ 950 million) from the China Exim Bank to provide funds for a Children's Hospital in Cova, Trinidad. This concessional loan amounted to US \$ 150 million and came with 2.5% interest rate per annum.¹⁴⁶ The repayment period of the loan is 20 years.¹⁴⁷

But although China's involvement in the health sector suggests an explicit response to developing states development needs, China has asserted its interests quite readily in these commercial endeavours. The concessional loans may be contingent on certain concessions being made or may carry other conditionalities. For instance, materials and equipment for the project has to be imported from China.¹⁴⁸ Likewise, the involvement of Chinese state owned enterprises has been a key aspect of those agreements (see table 4.3).

Table 4.3 Showing Health Infrastructure Projects in Selected English-speaking Caribbean States

YEAR	COUNTRY	Health Infrastructure	Concessional Loan Amount (US \$)	China State Owned Enterprise
2011	Trinidad	Couva Children Hospital	150 million	Shanghai Construction Group
2013	Trinidad	Arima Hospital	140 million	China Railway Construction Corporation
2015	Jamaica	University Hospital	500 million	China Harbour Engineering Company
2016	Dominica	National Hospital	US 40 million	Hunan Construction Engineering Group

Source; compiled by author (Trinidad Newsday, Dominica News online and Jamaica Gleaner newspapers)

Caribbean states health cooperation with China is differentiated to some extent with that of traditional lenders. While international financial institutions such as the World Bank see healthcare as important to the Caribbean, lending is not necessarily focused on health infrastructure,¹⁴⁹ but more so on the priorities of those lenders in the interaction. Debatably, this has given rise to top-down process whereby developing countries within the Caribbean region view themselves as

¹⁴⁵ <http://www.guardian.co.tt/news/2015-10-17/govt-probe-239m-spent>

¹⁴⁶ <http://newsday.co.tt/businessday/0,179098.html>

¹⁴⁷ <http://www.guardian.co.tt/news/2015-10-17/govt-probe-239m-spent>

¹⁴⁸ <http://www.guardian.co.tt/news/2015-10-26/1bn-chinese-loan-children%E2%80%99s-hospital-tt-paid-taxes-equipment-says-embassy>

¹⁴⁹ <http://www.worldbank.org/en/news/press-release/2015/06/22/health-coverage-reaches-46-million-more-in-latin-america-and-the-caribbean-says-new-paho-who-world-bank-report>

having little input in the lending processes which they ultimately finance in the medium to long term. China's focus on health infrastructure has provided significant maneuvering space for Caribbean states to promote their national development strategies.

Moreover, Caribbean states have increasingly undertaken capacity building with China through direct exchanges at the institutional level. Caribbean states have attempted to leverage their own capacities and interests in the ongoing healthcare cooperation with China, and often encourage exchanges in specific specialty areas where the region has limited expertise.¹⁵⁰ For instance, under the terms of the Health Cooperation Agreement agreed to by Caribbean states and China during President Xi's visit to Trinidad, China committed 100 medical professionals over a three-year period to the Caribbean in accordance with the region's interests.¹⁵¹ Chinese medical professionals have been dispatched to various islands in accordance with specialty needs. Trinidad's San Fernando General Hospital hosted various medical practitioners from China on a six-month rotation for two years in 2015.¹⁵² In 2016, Barbados received 8 Chinese medical practitioners at the Queen Elizabeth Hospital under similar terms.¹⁵³

But while the periodic deployment of medical professionals has been geared towards improving health services delivery in the Caribbean, at the same time, it has allowed Chinese medical professionals to facilitate learning in diverse health care settings. Thus helping to facilitate cooperation on mutually beneficial terms.

2.3.3 Lending: tourism infrastructure

Caribbean states have undertaken a two-pronged strategy aimed at enhancing China's role in the vital tourism industry. Cooperation has been geared towards increasing access to financing beyond traditional actors within the industry, while seeking to simultaneously build the groundwork for expansion into China's tourism market. Decision-making by various states within the Caribbean region have illustrated the significance of these strategies to some extent. However, there are limits to such cooperation thus far. Challenging prospects have been Caribbean states limited capacities for airlift to and from China as well as constraints on the Chinese side pertaining to

¹⁵⁰ <https://gisbarbados.gov.bb/blog/third-medical-team-from-china-arrives/>

¹⁵¹ <http://www.trinidadexpress.com/news/China-to-fund-new--Arima-hospital-209817281.html>

¹⁵² <http://www.trinidadexpress.com/20150710/news/chinese-medical-team-in-trinidad>

¹⁵³ <http://gisbarbados.gov.bb/blog/tag/queen-elizabeth-hospital/>

technical capacity issues especially in comparison to traditional actors. Such issues may hinder the overall effectiveness of increased cooperation in this vital sector.

Nonetheless, billions have been invested by Chinese companies in states like the Bahamas in the tourism industry. The tourism industry has been a major contributor towards the GDP of most Anglophone Caribbean states. Trinidad and Guyana have been the exceptions in this regard given the significant role that natural resources play in their economies. In 2015, tourism contributed almost 40% of Barbados's GDP (39.5%). In Grenada, the sector made up 25.5% of GDP in that same year. In Dominica, tourism contributed 26.4% of GDP. The Bahamas is the most tourism dependent in the Anglophone Caribbean and the sector accounted for close to 50% of its GDP (46.7%) in that same period. In Jamaica, the sector makes up less than 10% of GDP (8.9%).¹⁵⁴

China's involvement in tourism infrastructure in the Caribbean further represents the overwhelming commercial drive behind China's economic activities in the region. Chinese actors view this industry as having immense potential for returns on investments. As early as 2011, the China-Caribbean Economic and Trade Cooperation Forum in Trinidad, emphasised business and joint venture opportunities in the tourism sector.¹⁵⁵ Tourism was also among the key areas of economic cooperation cited by China in its 2008 white paper on Latin America and the Caribbean. The paper also acknowledged that tourism cooperation would involve an expansion of tourist market on the Chinese side.¹⁵⁶

Lending has been geared towards direct investments in the hotel industry. Caribbean states have also sought China's financial assistance in undertaking key infrastructural upgrades to various airports to increase capacity at the ground level. For instance, in 2013, the Government of Dominica obtained US \$300 million in financing from China's State Owned Enterprise Anhui Shuiian Construction Group (ASCG) towards construction of a new hotel and reconstruction of its international airport among other projects.¹⁵⁷ Increased Chinese engagement in the tourism industry has also been seen in the case of Antigua. In 2015, a US \$100 million airport extension to support Antigua's tourism product was unveiled in Antigua. The Chinese Government provided

¹⁵⁴ <https://knoema.com/atlas>

¹⁵⁵ <http://cncforumenglish.mofcom.gov.cn/article/zc/zk/201108/20110807707937.shtml>

¹⁵⁶ http://www.gov.cn/english/official/2008-11/05/content_1140347.htm

¹⁵⁷ <http://dominicanewsonline.com/news/homepage/news/economy-development/pm-skerrit-inks-us300-million-deal-china/>

part of the loan funds at a zero-interest rate while the China Exim Bank provided the rest of the funding on concessionary terms.¹⁵⁸ In 2016, Grenada came to an agreement with China to build a US \$ 2 billion resort complex which would link the main island territory to an offshore islet -Hog Island.¹⁵⁹

The figures pertaining to the Caribbean's economic engagement with China in the tourism sector at the domestic level has been quite striking and shows the growing economic significance of China to the Caribbean region. Within a five-year period from 2010-2015, select English-speaking Caribbean states benefited from over US\$ 3 billion in Chinese investments in the tourism industry (see table 4.4). The figure takes into account hotel projects as well as airport refurbishments to increase competitiveness in the sector. These overall figures from 2010-2015, only highlight specific investments in the tourism sector in select Caribbean states. The figure stated does not account for all such projects mentioned in every English-speaking Caribbean state with which China has diplomatic relations. Thus, it likely means that the overall figure in investments in the tourism sector in such states may be well over the US\$ 5 billion-dollar threshold.

Table 4.4 Showing Selected Infrastructure for tourism in Caribbean States: 2010-2015

YEAR	Country	Infrastructure	Amount US\$
2015	Barbados	Sam Lord Castle Hotel	170 million
2014	Bahamas	Renovation - Hilton Colonial Hotel	70 million
2013	Dominica	Int'l airport and hotel	300 million
2012	Bahamas	Baha Mar Resort	2.4 billion
2011	Antigua	New Airport Terminal	100 million
2010	Bahamas	Lynden Pindling Int'l Airport expressway	58 million

Source: compiled by author (Dominica News, Nassau Guardian news, Antigua and Barbados Government Reports)

Financing such projects also appear to be on competitive terms. In the case of Barbados, the China Exim Bank provided 85% of a loan for the Sam Lord Castle Hotel project (US \$170 million).¹⁶⁰ The project involved a joint undertaking by the Barbados Tourism Investment Inc. and China's

¹⁵⁸ <http://www.kaieteurnewsonline.com/2015/08/23/antigua-barbuda-opens-us100m-modern-airport/>

¹⁵⁹ <http://www.caribjournal.com/2015/06/03/a-new-2-billion-caribbean-project/#>

¹⁶⁰ Loan Agreement, Preferential Buyer Credit Loan between the Government of Barbados and the Export-Import Bank of China

SOE.¹⁶¹ According to the Barbados Parliament, the funding procured from China for rehabilitating the property carried terms pertaining to repayment period of over 20 years at an interest rate of 2.5%. This was also coupled with a moratorium period of 60 months.¹⁶²

Moreover, given the significance of the sector to the Caribbean, such states have formulated strategies to diversify this sector not only through lending. An important aim has been to expand tourism arrivals from China. For instance, in 2012, Barbados issued a White Paper on Tourism in which it cited China as one of the emerging economy markets where Barbados would seek to increase tourist arrivals. It has been asserted by publications like the *Economist* that China is poised to change the global tourism industry given its growing middleclass. According to the said publication, in 2014, nearly one in ten international tourists worldwide were Chinese. Chinese tourists spent most in total-\$129 billion in 2013, followed by Americans at \$86 billion.¹⁶³ While it is still unclear whether this is part of an unfolding pattern that is likely to impact on tourism globally, the interests of Caribbean states are not only in direct Chinese investments in the sector, but also in the creation of more immediate linkages with the Chinese market through such investments.

However, although Caribbean states cooperation with China in the tourism sector highlight the economic significance of China at the domestic level and illustrates the strategic economic shift to China to promote commercial goals, the engagement also points to ambiguities in the economic interaction. The case of the Bahamas has been illustrative of the constraints in commercial ties with China. In the aftermath of the global financial crisis in 2008, the Prime Minister of the Bahamas, Perry Christie, approached China to partly finance a multi- billion-dollar mega resort (Baha Mar).¹⁶⁴ The China Exim Bank agreed to funnel at least US\$ 2.4 billion in concessional loans towards the project in 2011. The project was promoted as China's flagship investment in the

¹⁶¹ The Chinese SOE involved in the tourism project (Sam Lord Castle rehabilitation in Barbados) was National Complete Plant Import and Export Corporation Limited.

¹⁶² <http://www.barbadosparliament.com/uploads/sittings/attachments/9993fbb98b7efd35cbea24238a69911e.pdf>

¹⁶³ <http://www.economist.com/news/international/21601028-how-growing-chinese-middle-class-changing-global-tourism-industry-coming>

¹⁶⁴ <http://www.forbes.com/sites/muhammadcohen/2016/12/14/how-china-rescued-then-ruined-the-caribbeans-largest-resort-project/#6e761f6e272f>

Caribbean region's tourism sector. Projections were made that it would contribute more than \$1 billion to the Bahamian economy and would boost GDP by more than 10%.¹⁶⁵

However, by 2015, Bah Mar Ltd. run by Sarkis Izmirlian which had an original stake in the project, filed a claim against China's SOE, China State Construction Engineering Corporation (CSCEC) in US courts, amidst claims of mismanagement and alleges breaches of workers rights.¹⁶⁶ These internal management issues just discussed, highlight to some extent, ongoing concerns thus far, in Chinese economic practices at the national level, an issue that will be examined in chapter 7. It is also illustrative of China's own challenges within diverse economic sectors and local contexts such as those of the Caribbean region.

Along similar lines, concerns still linger in terms of tangible economic benefits from China based on China's lack of significance as a market for tourism beyond lending and other forms of FDI. As a consequence, it is highly differentiated from traditional western economic partners (US, EU, UK and Canada). Jamaica has been among the few English-speaking Caribbean states that has managed to increase its Chinese arrivals. However, these arrivals are not comparable to arrivals from the traditional destinations just mentioned. According to the Jamaica Tourist Board, in 2016, there were 3,254 Chinese arrivals compared to a combined figure of 773,108 tourists to Jamaica. The majority came from the areas just mentioned. The figure for China, represented a 2.2 percent year-on-year increase in Chinese arrivals. According to statistics from the Jamaica Tourist Board, from 2011-2015, an average of 2000 Chinese tourists have visited Jamaica. In 2015, there were 3,744.¹⁶⁷

Caribbean states have taken steps to address some of these likely impediments to the growth of the tourism sector in relation to China. Consequently, in 2015, Bahamas signed an MOU with China which provides the legal framework to regulate air traffic services between the Bahamas and China.¹⁶⁸ In 2015, Barbados signed an Air Services Agreement with Hong Kong. This was the product of earlier negotiations by Barbados with China. In 2011, Barbados Prime Minister,

¹⁶⁵ <http://www.forbes.com/sites/muhammadcohen/2016/12/14/how-china-rescued-then-ruined-the-caribbeans-largest-resort-project/#4453fb1a272f>

¹⁶⁶ <http://www.independent.co.uk/news/business/analysis-and-features/baha-mar-the-hotel-that-threatens-to-bankrupt-the-bahamas-a6803546.html>

¹⁶⁷ <http://china-outbound.com/2016/07/27/jamaica-is-well-positioned-to-grow-its-chinese-tourist-arrival-numbers/>

¹⁶⁸ <http://www.tribune242.com/news/2015/may/29/deal-aims-improve-air-links-china/>

Freundel Stuart, during his meeting with China's Premier Wen Jiabao, acknowledged that an Air Services Agreement with China would help to bolster ties in tourism and open up other possibilities for trade and commerce.¹⁶⁹ While Barbados has concluded an Air Services Agreement, currently there are still no direct flights from the English-speaking Caribbean states to China. However, China has just started direct air services to Caribbean destinations such as Cuba in 2015. Given Jamaica's closer proximity to Cuba in comparison to other English speaking states, it has shown itself more likely to benefit from increased Chinese tourist arrivals in the mean- time.

Given the massive billion dollar investments by Chinese enterprises in tourism projects in the Caribbean, the engagement of China at the domestic level in terms of the tourism industry may likely build continued synergies between Caribbean states and China despite the underlying ambiguities involved in the interaction.

2.3.4 Lending for maritime infrastructure investments

The presence of the Caribbean Sea has been seen as a draw for investments especially for Caribbean states who wish to diversify their economies by taking advantage of the presence of key international shipping lanes of import to global commerce (see chapter 2). The geographical proximity of the Caribbean to the world's leading economy, the US, has also meant that economic benefits could be accrued from expanding investments in maritime infrastructure. According to Wilmsmeier and Hoffman (2008: 130) the Caribbean region lies at the cross roads of major east-west and north-south shipping routes. This makes the region an integral aspect of maritime commerce for the Americas hemisphere. Rodrigues et al (2013:100) noted that the Caribbean is among the most important transshipment markets through the Panama Canal. Such transshipment markets connect regional ports systems to transoceanic and circum-equatorial routes. Essentially, the Panama Canal, through the Caribbean Sea, is a shorter route to navigate the globe through the Pacific and Atlantic Oceans. Given these natural advantages, China has regarded the Caribbean as a key area in its push for a 21st century maritime silk road.¹⁷⁰

The Caribbean region's turn to China for lending to develop the maritime industry highlight the significance of a rising China for asserting Caribbean states domestic economic interests. For

¹⁶⁹ <http://www.caribbeannewsnow.com/topstory-Air-services-agreement-with-China-crucial,-says-Barbados-PM-6638.html>

¹⁷⁰ <http://english.mofcom.gov.cn/article/newsrelease/significantnews/201706/20170602587066.shtml>

Caribbean states, the drive for investment in the maritime sector assumed pressing priority with the expansion of the Panama Canal. Caribbean states act as an intermediary route to and from the Panama Canal. They are then poised to benefit from the annual \$270 billion worth of cargo trade through the canal which links more than 140 maritime routes and over 80 countries.¹⁷¹ Expanding maritime infrastructure has been a key part of economic initiatives between China and the governments of the Bahamas, Trinidad and Jamaica. As shown in table 4.5, China has committed over US \$ 2 billion in loans to the maritime sector in English speaking Caribbean states, an area with key strategic international maritime straits as seen in chapter 1.

Table 4. 5: maritime infrastructure investments in select Caribbean states by China

Year	Caribbean State	Maritime Project	Amount (US\$)	China's Economic Actor
2014	Jamaica	Transshipment Facility	1.5 billion	China Exim Bank; CHEC
2014	Trinidad	La Brea Port	500 million	China Exim Bank; CHEC
2012	Bahamas	North Abaco Port Project	40 million	China Exim Bank; CHEC

Source; compiled by author (Nassau Guardian, Trinidad Guardian, Jamaica Gleaner newspapers)

Although Caribbean states economic engagement with China has resulted in various concerns pertaining to labour and environmental standards, as will be examined in chapter 7, China has played a significant role in addressing critical infrastructure gaps in economy. In doing so, China has aided tremendously in contributing to development priorities in the Caribbean.

Caribbean states have also leveraged their own capacities to further strengthen ties with China at the domestic level in accordance with their own aims in the engagement. The maritime industry is especially significant for the Bahamas which is an archipelago of about seven hundred (700) islands. The Bahamas is also strategically located in relation to the US mainland and straddles major shipping lanes through to Europe, the Far East, North and South America, the Caribbean and Australia. One of its islands, Grand Bahama is just 55 miles away from the US mainland, Florida.¹⁷² Given its strategic location, the Bahamas has positioned itself as a leading ship registry

¹⁷¹ <https://www.ifc.org>

¹⁷² <https://www.bahamas.com/our-proximity-united-states-america>

in the world alongside states like Panama and Singapore.¹⁷³ The maritime sector which comprise a range of services contribute between 14%-18% of the GDP of the Bahamas on an annual basis.¹⁷⁴

To further invest in the sector, The Bahamas turned to China's Exim Bank for a loan of US\$41 million to develop port projects in the northern Abaco Islands. Moreover, the presence of private firm interests linked to Hong Kong, has been part of the Bahamas maritime industry since the early 1990's. In 1995, Hutchison Whampoa bought a 50 percent share of Freeport Harbor by entering a partnership with the private company, the Grand Bahama Development Company Limited. The acquisition resulted in US \$850 million investment in Freeport Labour.¹⁷⁵ In examining this initial deal, scholars like Myers (2018) notes that it has been indicative of broader interests in the Caribbean by non-traditional actors.¹⁷⁶

Trinidad has also utilized its own geostrategic position coupled with its oil resources to benefit from Chinese financing for development gains. Trinidad is a key maritime shipping route for oil and gas emanating not only from the island but from other significant oil producers like Venezuela. Oil and gas accounted for at least 40% of GDP, according to Trinidad's Ministry of Finance in 2014. Trinidad was also among the largest producers of liquefied natural gas in the world according to figures for 2015.¹⁷⁷ With the expansion of the Panama Canal, Trinidad's strategic position as a key transshipment point meant that maritime services had to be expanded to accommodate new developments in the canal. One of the key challenges that have faced Trinidad in the realization of its various goals in the maritime industry has been the key infrastructural gaps within the industry, especially in terms of bigger ship accommodation and repair. Thus, on a state visit to China on February 23rd - 28th, 2014, Trinidad's Prime Minister, Persad-Bissessar, engaged with Chinese officials on the development of Trinidad's maritime infrastructure. Consequently, an agreement with the China Harbour Engineering Company (CHEC) followed for a transshipment port project. The contract involved US \$500 million in concessional funds from the China Exim Bank.¹⁷⁸

¹⁷³ <http://www.mondaq.co.uk/x/461234/Marine+Shipping/Flag+State+2015+Top+10+Ship+Registers>

¹⁷⁴ <http://www.thebahamasinvestor.com/2013/maritime-bahamas/>

¹⁷⁵ http://www.ckh.com.hk/upload/attachments/en/journal/34_HPH_The_Bahamas_e.pdf

¹⁷⁶ <https://www.chinausfocus.com/foreign-policy/does-china-understand-latin-america-better-than-the-us>

¹⁷⁷ https://www.igu.org/sites/default/files/node-page-field_file/IGU-World%20LNG%20Report-2015%20Edition.pdf

¹⁷⁸ <http://www.caribbeanshipping.org/index.php/news/175-trinidad-tobago-shipyard-a-bright-new-dawn-at-la-brea>

The significance of developing the Jamaica maritime sector with the help of China to make it more competitive on a global scale can be traced at least to the mid -1990's. In 1996, Jamaica's former Prime Minister Edward Seaga, sought to engage with Chinese interests in promoting investments in the sector.¹⁷⁹ Jamaica benefits from its proximity to the Panama Canal which is the major route for cargo from the Far East including China to the US East and West coast. Further, Jamaica's Kingston Harbour is only 32 miles from the main shipping lanes of North and South America.¹⁸⁰

The maritime sector has been targeted by Jamaica's Government as an area of re-development especially in light of the expansion of the Panama Canal. On a visit to China on August 2013, Jamaica's Prime Minister, Portia Simpson Miller, highlighted the importance of this sector for investments.¹⁸¹ Following the visit, in April 2014, the Government of Jamaica signed a framework agreement with China Harbour Engineering Company (CHEC) for the development of a trans-shipment hub.¹⁸² The total cost of the project was US \$ 1.5 billion. However, at the time of writing of the thesis, significant roadblocks to Chinese investments in this strategic sector remained. Thus, this issue will be taken up in chapter 7 on states domestic responses to China's economic activities in the region.

Section 2

3. Impact of Caribbean States lending: a new dependency on China?

The section just concluded above, illuminated the key role of domestic economic considerations in shaping Caribbean states relations with China. Having examined how and why Caribbean states have sought to expand economic ties with China and highlighted their agency in the interactions, this section seeks to examine the impacts of deepened interactions with China in the realm of lending.

In light of the increased lending from China, a critical issue which confronts Caribbean states is the extent to which China has become a new and alternative lender which reinforces previous patterns of debt and dependency in relation to external actors. Hence, the underlying issue in this section is whether Caribbean states extended lending for infrastructure investments impact on debt

¹⁷⁹ Seaga, Jamaica Gleaner, September 15, 2013

¹⁸⁰ http://ctr.utexas.edu/wp-content/uploads/pubs/PRP_138.pdf

¹⁸¹ <https://jis.gov.jm>

¹⁸² http://www.jamaicaobserver.com/business/Jamaica-signs-agreement-for-trans-shipment-hub_16409585

levels, thereby reinforcing previous economic patterns of engagement. While Caribbean states lending for infrastructure investments have been closely tied to attaining national development goals, the economic impact of Chinese lending at the ground level in the region is still very much under-examined. Brautigam and Gallagher (2014) briefly examined policy implications of Chinese financing in Latin America and Africa. As such, they focused on how these developing regions might seek to benefit from Chinese financing.

However, the likely consequences of extended debt *within* developing states, remain very much under-explored in the Sino-LAC literature, despite the significant global shift created by China's substantial role in infrastructure financing in the developing world. As Kaplan (2016:645), emphasises, China's "impact on the (LAC) region's renewed debt problem," needs to be examined more closely in the literature on China's rise in the region.

China's role in increasing levels of indebtedness for developing countries has been highlighted in the literature to some extent. Ngaire Woods (2008) focuses on claims by established donors that China may be inhibiting debt relief for lower income countries by increasing its lending to such countries. As Mattlin and Nojonen (2015:702) suggest, notwithstanding the perceived consensus of "no strings attached" development assistance, the issue of Chinese lending and the concomitant rise in developing states debt have a real impact on such states. The increasing levels of debt incurred by developing states in economic interaction with China has also been the focus of *Reuters* which claims that Chinese lending do present growing risks for increasing debt burdens.¹⁸³

The issue as to whether China's lending builds a new dependency fuelled by extended debt is very much relevant in the Caribbean context. The Caribbean region has already been impacted by high debt levels in relation to external actors. Caribbean states have been among the middle-income economies with the highest debt to GDP ratios¹⁸⁴ - point which we will return too as the section unfolds. Organisations such as the Commonwealth have highlighted this issue as a potential and actual roadblock to development within small states of the Commonwealth, including the Caribbean region. In 2013, the Commonwealth Heads of Government Meeting (CHOGM) in Sri

¹⁸³ Zhang et al (2017), "*Behind China's Silk Road Vision, Cheap Funds, Heavy Debt, Growing Risks*", www.reuters.com

¹⁸⁴ Measures of debt to GDP ratios was put in place by the IMF and World Bank in 2005 to determine at what point debt is no longer sustainable and can have negative repercussions on economic development of countries involved. Most English-speaking Caribbean states have been considered as highly indebted middle income economies due to having a threshold of 60% and above.

Lanka, made small states debt an important part of the agenda. This issue was also of interest at CHOGM 2015 in Malta given the adverse economic effects of debt in small states.

Moreover, the impact of increasing debt from multilateral and bilateral sources has been well documented in the literature. As Devlin (2014) argues, financial institutions have played a role in exacerbating the effects of debt crises through various lending practices with Latin America. Debt has posed significant constraints to development within the region given the substantial diversion of critical national resources to external debt servicing (see Bulmer-Thomas; 2003, Remmer; 1991, Griffith-Jones and O Sunkel; 1986). The region is one that has been deeply impacted by the debt crisis of the 1980's, and the global financial crisis of 2008.

The impact that debt has had on development in Latin America and the Caribbean have led observers and scholars alike to term the 1980's for instance, "the lost decades" for economic growth in the region (see Ocampo, 2004; Stallings and Peres, 2010; Burki Perry, 1997). Within specific Caribbean states such as Jamaica and Guyana, the consequences of debt to their economic development has been fairly well examined by observers and scholars alike (see Sahay, 2005; Greenidge et al, 2010). Structural adjustment policies and debt restructuring programmes are still ongoing as a result of debt obligations to various external actors.

Therefore, a more pragmatic view of the economic relationship needs to account for the possibly adverse effects of debt especially given Caribbean states previous experiences with this issue. China's commercial interests have been a central motivating factor in lending to developing states and the focus is seemingly largely on economic returns on investments. Within the Latin America Caribbean region, loans have been based on commodity backed financing in line with China's resource interests. This type of financing agreement has been particularly relevant for Venezuela, whose proven oil reserves is thought to be the largest in the world.¹⁸⁵

While this model of financing may not be attributed to most Anglophone Caribbean states, given the differentiated resource endowments across the region, as will be seen in the next chapter, lending is also integrally tied to opening up trade markets and accessing entry into those markets. Some even argue that Chinese infrastructure loans are also focused on increasing urbanization

¹⁸⁵ https://www.opec.org/opec_web/en/data_graphs/330.htm

within developing states with a focus on playing an essential economic role within such states even in the absence of significant resources (Sanderson and Forsythe 2013: ii).

Moreover, Gallagher (2012) posits that China's terms in terms of lending are not necessarily more generous than that of traditional actors on the market. Thus the extent to which engagement with China can be separated from more established actors who have also been commercially driven, may still be left open to debate. Thus making the issue of increased debt just as pressing in relations with China.

3.1 Impact of Caribbean states Lending from China: renewed debt?

Within the Caribbean region, lending from China is occurring within a complex economic environment. It is against a complicated backdrop of limited economic resources and inadequate access to international finance that Caribbean states have increasingly sought to engage with China for the implementation of commercial endeavours at the domestic level. For instance, Caribbean states face a peculiar situation with regards to financing whereby their designation as middle income countries not only limit debt relief but inhibit access to financial markets at preferential rates. Added to this already intricate picture, have been donor priorities which affect how such states implement domestic economic agendas. As discussed earlier, states may view donors as not always responsive to their preferences in the engagement. Thus, in the main, China's emergence has created significant maneuvering space for Caribbean states to assert economic interests.

As discussed in section 1, China's economic input in infrastructure investments has made a positive contribution to Caribbean states economic development goals. Chinese financing has enabled Caribbean states to fill critical gaps in infrastructure investments. Drawing from the broader literature, infrastructure investments overall have been shown to have favourable effects on the economy at both the macro and micro levels. Studies have concluded that infrastructure investments affect productivity and economic output (Ansar et al 2016; Krugman, 1991; Aschauer, 1993; Munnell, 1992; Calderon and Servén, 2010; Jiang et al., 2017). Thus, the hundreds of millions in financing already provided by China to Caribbean states have aided such states in meeting various development goals.

However, lending can invariably increase debt burdens with regards to China. This issue in relation to Chinese lending while still largely under-examined in the academic literature on China's rise

within developing states, has been highlighted by World Bank officials. Former Head of the World Bank, Paul Wolfowitz, in 2006 talks with China indicated, “There is a real risk of seeing countries which have benefited from debt relief become heavily indebted once more.”¹⁸⁶ This issue is not only relevant to highly indebted poor countries (HIPC) within Africa but also, within developing states such as the Caribbean. These states have faced significant challenges with debt but are not necessarily subject to debt relief through arrangements under HIPC initiatives.

For the Anglophone Caribbean, the majority of China’s commercial activities have been linked to concessional lending. According to a 2013 study released by the Caribbean Development Bank, the growing presence of China is already shifting the debt dynamics in the Caribbean. Consequently, the study posits that “as lending from Western governments...declined, aid from China ...increased (and), the growing presence of the Yuan renminbi in the currency composition of external debt portfolios (has changed) the character of foreign currency risk.”¹⁸⁷ Within the broader Caribbean and Latin American region, the IADB estimates that between 2005-2016, the Chinese financing to the LAC region amounted to US\$ 141 billion in loan commitments.¹⁸⁸ Gallagher, Irwin and Koleski (2012), conclude that China’s lending terms have not necessarily been more favourable than other western institutions like the World Bank. As seen in section 1, infrastructure loans to Caribbean states generally carry interest rates of 2-3%. The extent to which such states may still be borrowing at regular market rates rather than on preferential terms with Chinese banking institutions, indicates that lending from China still comes at significant costs to the borrower, much like other actors.

The issue of lending and debt may not necessarily be overlooked in Caribbean states economic interaction with China. The Caribbean region has been regarded as having the highest debt to GDP ratio of middle income countries based on standardization from the IMF and World Bank.¹⁸⁹ In 2005, both the IMF and World Bank sought to focus on thresholds to determine whether current and projected debt levels may lead to future difficulties in servicing debt (see Rustomjee, 2017:1). While these standardized thresholds of about 60% have been debated, the Caribbean has been

¹⁸⁶ <https://www.ft.com/content/ea6cd650-62d8-11db-8faa-0000779e2340>

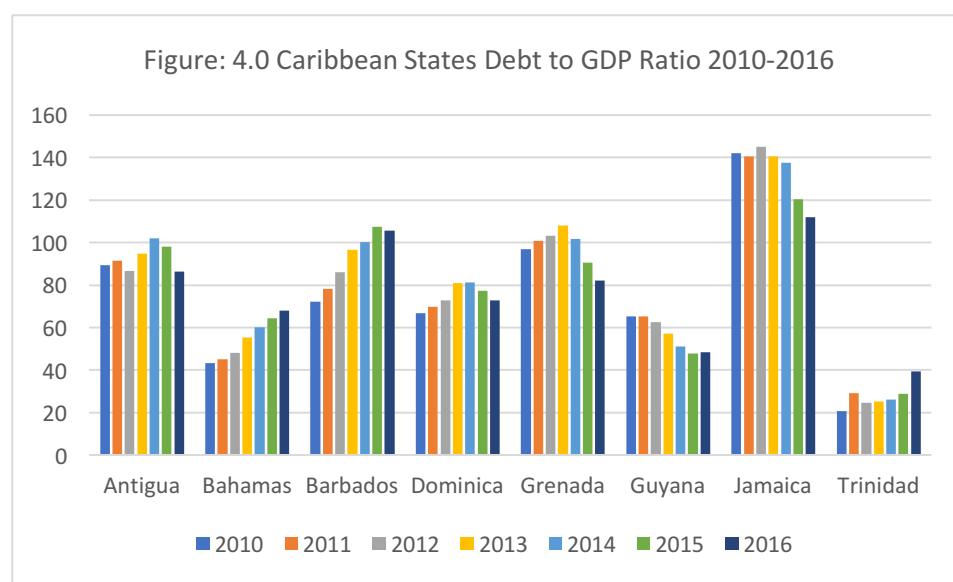
¹⁸⁷ Public Sector Debt in the Caribbean, Caribbean Development Bank report, 2013, p.107-108

¹⁸⁸ https://www.thedialogue.org/map_list/

¹⁸⁹ <https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Threshold-Effects-of-Sovereign-Debt-Evidence-From-the-Caribbean-26005>

impacted adversely by external debt. For instance, Reinhart and Rogoff (2010: 2012) note that in going above the 90% threshold with regards to the debt and GDP ratio, countries face significantly lower economic growth outcomes.

With regards to the Caribbean, as debt levels approach the 55-56% of GDP, it becomes “a drag on growth”¹⁹⁰ for the region and returns from debt diminishes rapidly. As shown in figure 4.0, the debt to GDP ratio of most Anglophone Caribbean state, was above 60% between 2010-2016. This is a pattern that dates back to 2005, a period coinciding with the rise in China’s economic engagement in the Caribbean. As seen in figure 4.0, in all eight (8) Caribbean states, except Trinidad, debt is considered above the threshold for sustainability determined by the IMF and World Bank. Figures from UNDP suggests that many Anglophone Caribbean states (Dominica, Jamaica, St. Kitts and Nevis, St. Lucia, and St. Vincent) have more than 18% of government revenues to public debt service over a stipulated period.¹⁹¹



Author elaboration based on IMF data
(http://www.imf.org/external/datamapper/GGXWDG_NGDP@WEO/OEMDC/ADVEC/WEOWORLD)

Debt servicing in Caribbean states have meant that critical resources have been diverted from various areas of the economy in order to finance obligations accrued. Former Jamaican Prime

¹⁹⁰ <https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Threshold-Effects-of-Sovereign-Debt-Evidence-From-the-Caribbean-26005>

¹⁹¹ UNDP & UN-OHRLS Discussion Paper, “Financing for Development and Small Island Developing States: A Snapshot and Ways Forward,” June, 2015, p. 6

Minister Bruce Golding and former Guyanese President, Bharrat Jagdeo, both acknowledge that debt servicing creates pressures in the local economy.¹⁹² The continued debt burden in the Caribbean has affected government spending on public sector services. Former Caribbean Ambassador, Ronald Sanders acknowledges, “There is a real prospect that, in dealing with unsustainable debt, eleven of thirteen Caribbean small states will have lost the first three decades of the twenty-first century, and foregone opportunities for poverty reduction, transformation and growth.”¹⁹³

Moreover, debt obligations towards China, has already been a talking point by high level American officials in determining Chinese influence in the Caribbean. President’s Trump National Security Strategy (2017: 51) states “Competitors have found operating space in the hemisphere China seeks to pull the region into its orbit through state-led investments and loans.” Similar sentiments on Chinese financing in the region have been echoed by US Secretary of State, Tillerson, who posits; “Chinese offers always come at a price and Chinese business projects almost always demand the use of imported Chinese labor, large loans, and unsustainable debt and ignore human and property rights.”¹⁹⁴ Wenner and Clarke (2016: 21) in an IADB report on China’s rise in the Caribbean acknowledge that Caribbean officials need to strengthen their negotiating skills in interactions with China to obtain greater benefits in economic relations. These are relevant concerns within the dynamic. Further, as will be addressed in chapter 7, Chinese lending is also integrally tied to particular economic practices that have led to seemingly disadvantageous labour practices within the local context.

The popular narrative surrounding Chinese lending in the Caribbean, perhaps more so at the official level, has been that China’s aid is not tied and that China has a different ethos to traditional actors in its development assistance. It is within the framework of contributing to development goals that officials in the Caribbean region frame increasing lending from China for infrastructure development. Caribbean leaders see China as a significant partner in meeting their development goals. For instance, Dominica’s Prime Minister, Skerrit, acknowledges that to continue the development trajectory, debt thus far, increases the chances of meeting national development

¹⁹² Public Sector Debt in the Caribbean, Caribbean Development Bank report, 2013 p. 20

¹⁹³ <http://www.sirronaldsanders.com/viewarticle.aspx?ID=603>

¹⁹⁴ <https://www.rferl.org/a/russia-china-latin-america-united-states-tillerson/29013835.html>

goals.¹⁹⁵ Along a similar vein, Chinese officials partake in a rhetoric of “win-win” in relation to cooperation agreements within Latin America and the Caribbean (see Alves, 2013; Bernal and Arias, 2016).

As to whether lending from China for infrastructure development may in the long term, offset any disadvantages from increasing debt levels, remains to be seen. But arguably, the risks of a debt spiral impacting the Caribbean for years to come, in relation to actors engaged in lending might be a very real one. The impact of China on debt in the Caribbean is still manifesting and as such will unfold more clearly with time. Nonetheless, given the high debt burden of Caribbean states it was important to contextualise the impact of increased lending for infrastructure investments from China within the Caribbean context.

4. Discussion of research findings and case summary

For the Caribbean region, China has facilitated access to financing and provided considerable maneuvering space to achieve their development goals in accordance with their economic interests at the local level. This rise in lending from China has been in line with its leading economic role at the global level and its subsequent outreach to the developing world.

The findings suggested that China’s investments in infrastructure projects in the sports sector in select Caribbean states amounted to more than US \$ 200 million between 2005-2008. This is likely a conservative estimate given that much of the agreements and Chinese spending in developing states are not necessarily provided by China in the public realm in contrast to development assistance provided by traditional economic powers within the region. The Caribbean also benefited from over US\$800 million in health infrastructure committed by China to select Caribbean states between 2011 and 2016.

Caribbean states have further facilitated China’s growing role in tourism infrastructure. As already discussed, tourism is a vital sector within the economies of most states in the Anglophone Caribbean region. Between 2010 to 2015, select tourism projects within the region have attracted investments of well over US \$3 billion from China. Additionally, China has committed well over US \$1 billion in maritime infrastructure in select states within the Anglophone Caribbean region.

¹⁹⁵ <http://dominicanewsonline.com/news/homepage/news/business/dominicas-debt-over-1-billion-we-cannot-escape-it-says-pm/>

The findings suggested that Caribbean states increasingly turned to China for investment in various infrastructure, particularly the areas which were not a priority for western actors. This correlates with findings from Brautigam 2011, who found that China was able to carve out substantial economic influence in areas that traditional donors did not necessarily prioritise in Africa.

However, with this rise in lending by Caribbean states, two main issues at the domestic level have been highlighted. One is the extent to which the Caribbean is renewing dependency on China for financing much like in relation to other external actors. The second is the extent to which the increase in lending is increasing the growing debt burden of small Caribbean states which carry high debt to GDP ratios.

While much research has not been undertaken with regards to increasing debt levels in relation to China and its impact on the developing world, debt has been known to adversely affect the development of the Caribbean and Latin America overall as already discussed. Therefore, the more pragmatic approach undertaken in relation to increased debt from China was that its impact may not necessarily differ significantly from that of previous actors, notwithstanding possible development gains in the interaction. It was then important to go beyond the rhetoric of “win-win” promoted by Chinese officials in south-south cooperation. Similar assumptions have also been reiterated within the political realm in the Caribbean region in an effort to justify the increased debt obligations undertaken. Despite China’s success in contributing to Caribbean states development, increased levels of dependency on China as an alternative actor, remains a distinct possibility. The findings also indicated the need for Caribbean states to consider how best to maximize benefits from China’s financing while seeking to limit possible pitfalls in engagement.

The table (4.6), provides a case summary of Caribbean states lending from China. The summary places in further perspective, Caribbean states aims in the engagement and the constituent impacts of the fast evolving ties with China in the economic realm. Thus highlighting more broadly, developing states agency and constraints in the interaction.

Table 4.6: summary of case study of Caribbean states lending for infrastructure investments

Caribbean States lending from China	Issues and Debates	Summary Findings
Aims of Caribbean States in accessing financing from China	<p>Expand access to financing from non-traditional actors</p> <p>Address infrastructural gaps in economic sectors at the national level</p>	<p>The resulting strategic economic shift towards China in the Post-Cold War period by Caribbean states is steeped in accessing financing for development. This has been aided in part by China's economic rise in global affairs alongside traditional actors.</p>
Nature and Scope of Caribbean States lending from China	<p>Limited studies and scarcity of empirical data on Caribbean states lending from China.</p>	<p>Caribbean states lending from China is a means of accessing development finance to pursue economic goals at the domestic level. Findings corroborates with that of China's economic relations with other region's in the developing world including Latin America and Africa. Much of Chinese financing has been dedicated to infrastructure projects in such states in the period under consideration in the thesis.</p> <p>Billions of US dollars committed by China based on loans in various infrastructure sectors in the Anglophone Caribbean between 2005-2015 including; sports, health tourism and maritime infrastructure.</p> <p>Caribbean states lending from China has enabled China to play a growing role in Caribbean region alongside traditional actors.</p>
Impact of Caribbean States lending from China	<p>Debate on whether Chinese financing is meeting Caribbean states development goals in infrastructure sectors.</p> <p>Debate on whether lending from China is increasing small Caribbean states economic dependency on China as a new and alternative lender.</p> <p>Debate on whether lending impact on Caribbean states already high debt burdens in relation to external actors.</p>	<p>New dependency patterns possible</p> <p>China's economic input has been largely beneficial in meeting Caribbean states development goals in infrastructure investments but at the same time, reliance on China as a source of funding can create the space for replicating previous economic patterns of the past in relation to external actors.</p> <p>The findings suggest the possible re-emergence of an old nexus of debt and development within Caribbean states with China now at the apex of these familiar relations. However, very few authors have dealt with this issue in depth even with respect to Latin America in the literature on the region's economic interactions with China thus far.</p>

5. Conclusion

The Caribbean region's evolving relations with China has long been overlooked as part of the analyses of China's rise in Latin America and the Caribbean. In examining Caribbean states economic interests as a principal intervening variable which shape the Caribbean China relationship, the chapter focused on an in-depth study of lending for infrastructure investments from China in the Anglophone Caribbean. It first sought to uncover the rationale for Caribbean states engagement with China in lending for infrastructure investments. In the period between 2005-2016, the intensified economic engagement between the Caribbean and China resulted in billions of US dollars in loan commitments to the Anglophone Caribbean by China for infrastructure investments in sports, tourism, maritime and health sectors. Thereby promoting

investments in those economic sectors that have been regarded as part of Caribbean states national development priorities.

The chapter then went on to examine the impacts of the increased lending for infrastructure investments by the Caribbean from China. In doing so, it examined whether the Caribbean's intensified interaction with China in lending has created a new dependency on China as an alternative debtor, thereby increasing Caribbean states debt to external actors. While Caribbean states increased lending from China has expanded the region's access to financing beyond traditional actors, invariably this results in increased debt to China. This was quite relevant in the Caribbean context as it is among the middle-income economies with the highest debt to GDP ratios as determined by the IMF and World Bank.

However, while there is increased debt to China because of increased lending for infrastructure investments, the role of China as a salient partner in Caribbean states economic development based on largely south-south cooperation should not be underestimated. China has shown a willingness to endure risks in various economic spaces including small states where traditional actors may not necessarily seek to expand lending. It would be problematic to bypass this commitment to south-south cooperation within the analysis. China's assistance has not only been rhetorical thus far, but has also resulted in practical development aid to developing states. Consequently, China has played a critical role in enabling Caribbean states to meet their economic development goals in the Post-Cold War era. The table below, provides a summary of the case study.

Chapter 5: Caribbean States Domestic Economic Engagement with China: trade dimension

This chapter, like the preceding one, examines the extent to which economic factors have played an influential and determining role in the Caribbean and China relationship in the Post-Cold War context of engagement (2005-2015). The chapter investigates the trade relationship between Caribbean states and China through an empirically based case study of the commercial interactions. Trade and lending have been shown to be closely intertwined in China's economic engagement in developing states (see Alden; 2008, Brautigam; 2009, Zafar; 2007). However, the Caribbean region's trade interactions with China remains under-examined within the broader Sino Latin America Caribbean literature. The chapter aims to examine how Caribbean states trade relations with China has evolved in the Post-Cold War period and the consequent impacts of the trade relationship.

This chapter also aligns with a theoretically informed approach in evaluating Caribbean states relations with China. Thus, it seeks to analyse domestic processes as a key driver in foreign policy articulation and implementation. In accordance with FPA and NCR, unit level issues are critical to unpacking state behaviour (Fearon, 1998; Holsti and Rosenau, 1988; Rose, 1998).

The chapter argues that Caribbean states trade relationship with China have been predicated upon expanding access to markets and enhancing opportunities for FDI within the context of China's global economic emergence in the Post-Cold War period. Such interests have also converged with China's own resource drives and search for new markets. These interacting dynamics have invariably led to a more diversified trading environment within the Caribbean region whereby China's role as an economic partner has been on the rise thus far.

But despite the substantive economic gains procured especially in relation to China's extensive input in infrastructure financing, the reinvigorated trade partnership has been steeped in challenges. For Caribbean states, it is fair to say that the trade relationship with China has two contrasting aspects. On one hand, China's emergence has brought about new opportunities for Caribbean countries in terms of China's overall significance as an alternative partner for commercial partnerships. On the other hand, the overarching power asymmetry between the Caribbean region and China in trade has been further reinforced with the increasing ties.

Previous studies on Latin America and the Caribbean have not dealt adequately with the growing trade relationship between the Caribbean region and China (see Gallagher and Porzecanski; 2010, Gallagher; 2016, Cui and Garcia; 2016). Although ECLAC (2015) makes an initial effort to include the fast-growing trade ties between the Caribbean and China in a study which explores the trends in trade between the broader LAC region and China, the trade relationship between the Anglophone Caribbean and China is not treated in much detail.

The very limited studies on the Caribbean and China, suggest that there is need for more systematic research into the growing trade dynamic in order to help situate the interests of developing states in the interaction while concomitantly providing a broader perspective on China's rise in the region.

Drawing from the broader literature on Latin America's trade relations with China, there are two main concerns regarding the impact of the rising trade relations. One relates to China's role in reinstituting a new form of dependency which reinstates the concentrated commodities structure in Latin America's trade while also allowing for increased intakes of high-end manufactures from China (see Cui and Garcia, 2016; Casanova et al, 2015; Gallagher and Porzecanski, 2010). The second debate pertains to the impact of China's rise in the manufacturing sector and whether it has resulted in a competitive threat to the Caribbean and Latin America (see Lall et al, 2005; Jenkins, 2010, 2012; Moreira, 2007; Calderon, 2009; Li Xing, 2016)

The chapter is divided into two (2) sections. The first section focuses on an examination of the trends which underpin the bilateral trade relationship between Caribbean states and China, based on UNComtrade data for the period 2005-2015. The empirical evidence serves as an important starting point to determine the asymmetries which exist in the Caribbean and China trade relationship. The second section focuses on the impacts of the Caribbean's increased trade relationship with China. It examines the extent to which the Caribbean's trade with China is indicative of the dependency patterns of the past whereby the Caribbean region is a site for primary goods and commodities while acting as a destination for higher valued manufactures from China. Crucially, consideration is given to whether China's rise in manufacturing has resulted in a competitive threat to the Caribbean region like it has been debated in the literature in relation to Latin America. To examine such debates within the Caribbean context, there is an examination of

the actual composition of bilateral trade with China for Trinidad, Jamaica and Guyana based on WITS: World Bank data (2005-2015). The data allows one to evaluate within an evidenced-based framework the broader debates of China's impact on the Caribbean.

The findings suggest that there are mutual interests in the trade relationship between the Caribbean region and China. China's rise has presented significant opportunities to expand Caribbean states access to goods on the global market and China's emergence have also aided developing states like those of the Caribbean to pursue economic development goals. However, despite the opportunities in engaging China, there are conflicting elements which point to a level of imbalance in economic relations with China. The findings suggest that among them is the high level of trade deficits for the region in trade with China for the period considered. The findings also appear to point to familiar patterns of dependency emerging in the region's trade relationship with China. However, attributing competitive effects to China as it relates to its trade with Caribbean states may not necessarily be a clear-cut process. This is partly due to China's comparative advantage as well as internal factors within the region which may impact on its competitiveness in relation to trade powers like China.

The chapter contributes to addressing the knowledge gap on Caribbean states trade with China. In doing so, it adds to the growing literature on the Latin America Caribbean region's relations with China more broadly. Addressing the empirical gap provides an opportunity for generalisations pertaining China's rise to be applicable to not only Latin America which is the focus of most studies purporting to study the region, but also to the Caribbean.

Moreover, the chapter offers an analysis centrally from the standpoint of Caribbean states in the dynamic, rather than the more conventional China-facing analysis present in much of the discourse on China's relations with developing states. It sheds light on Caribbean states interests in the dynamic and the broader impacts to the trade relationship between a more economically powerful China and small developing states in the Caribbean. Thus such states constraints and agency are highlighted in the process.

Section 1

This section seeks to examine the aims of the Caribbean in the trade relations with China and likewise the commercial objectives of China in the Caribbean region. It also intends to pay particular attention to the deliberative bilateral processes implemented by both the Caribbean and

China to further their economic engagement. This is then followed by a discussion on the actual nature and scope of the trade relationship in accordance with UN Comtrade data for the period 2005-2015.

The discussion then proceeds to examine the major caveats that may be borne in mind when evaluating the imbalanced trade relationship between the Caribbean region and China. Among the major provisos are not only the more direct issue of China's comparative advantage in trade but also what the data does not readily reveal and that is; the growing significance of China as an export market for Caribbean states with commodities, a trend seen for Trinidad, Jamaica and Guyana. Further, China has increased its FDI in resource sectors in those states. This points to the possibility of increasing trade ties with the region, which can in the long term, benefit the region economically. Moreover, China's growing trade links with the broader Latin American Caribbean region is differentiated in that despite the deficits, certain states in Latin America have benefited significantly from China's rise in the region.

2. Cooperation framework: consolidating the trade agenda

In the Post-Cold War period (2005-2015), the trade relationship was partly facilitated through a multilateral diplomatic process which encompassed Caribbean and Chinese state actors, entrepreneurs and China's state owned enterprises. These interactive processes initially acted as a springboard to encourage trade between the Caribbean region and China. Chinese entrepreneurs also sought to promote their own individual trade agendas within the Caribbean region by either tagging on to these more formal mechanisms or seeking to engage in an outreach to the region on their own terms.

The trade relationship first took a turn in 2005, after the First China-Caribbean Economic and Trade Cooperation Forum which took place in Jamaica. The forum was designed to initiate a new framework for strengthening economic ties between the Anglophone Caribbean region and China. To mark the new phase in the Caribbean's economic engagement with China, China's Vice President, Zeng Qinghong, delivered a speech perhaps fittingly under the theme, "Jointly Writing a New Historic Chapter on the Reciprocal China-Caribbean Cooperation."¹⁹⁶ The forum enabled a space for dialogue on the parties interests and means of implementing objectives at the ground

¹⁹⁶ <http://www.chinaconsulatesf.org/eng/xw/t183690.htm>

level. For instance, prior to the formal opening of the forum, Barbados hosted a 50-member delegation of entrepreneurs from China from January 27 to 31, 2005. The delegation was headed by Vice Chairman of the China Council for the Promotion of International Trade Mr. Yu Ping.¹⁹⁷ The meeting provided an avenue through which Barbados could seek to expand trade and investment opportunities with China.

The inaugural forum increased the visibility of the Caribbean market to Chinese entrepreneurs and served as a means of introducing various Caribbean states to trade opportunities with China. According to China's Ministry of Commerce (MOFCOM), 110 Chinese enterprises participated in the inaugural forum in the Caribbean. Caribbean countries and Chinese enterprises also signed economic and trade cooperative agreements of over US\$ 50 million at the 2005 forum.¹⁹⁸

Trade appeared to have flourished immediately after the 2005 forum in the Caribbean region. As shown in table 5.0, in 2005, two-way trade between Jamaica and China was US \$325 million. By 2006, after the inaugural forum, bilateral trade between Jamaica and China had grown to US\$538 million. This figure shows an increase of over US\$ 2 million in the span of one year. In 2005, Trinidad's bilateral trade with China was US\$119 million. By 2006, two-way trade had increased to US \$175 million, an increase of 56 million dollars in a year. Dominica which is a smaller Caribbean state relative to Trinidad or Jamaica, had bilateral trade with China which amounted to US\$ 50 million in 2005. By 2006, bilateral trade between the Dominica and China had grown to US \$ 69 million, therefore increasing by \$US10 million in a one year period.

The Caribbean region and China continued to facilitate increased trade through the Second China Caribbean Economic Trade Cooperation which took place in 2007 in Xiamen, China. As part of the forum, a series of loans were made available to Chinese entrepreneurs for undertaking business endeavours in the Caribbean. Chinese Vice Premier Wu Yi, noted that 4 billion yuan of low-interest loans was provided by the Government of China to Chinese firms to encourage investment in the Caribbean.¹⁹⁹

¹⁹⁷ <http://bb2.mofcom.gov.cn/article/bilateralcooperation/inbrief/200608/20060802880980.shtml>

¹⁹⁸ <http://english.mofcom.gov.cn/article/newsrelease/significantnews/200502/20050200016809.shtml>

¹⁹⁹ http://news.xinhuanet.com/english/2007-09/07/content_6685222.htm

In an effort to increase economic opportunities with China, Anglophone Caribbean states such as Jamaica signed four agreements with Chinese representatives at the 2007 forum. Two of the agreements were aimed specifically at increasing business opportunities for Chinese entrepreneurs in Jamaica. Therefore, Jamaica Trade and Invest, which is an agency of the Government of Jamaica, signed an MOU with the Investment Promotion Agency of China. The China-Caribbean Joint Business Council, also signed a declaration aimed at strengthening and promoting business between the two countries.²⁰⁰ Moreover, in 2011, when the Third China Caribbean Trade and Economic Cooperation Forum was convened in Trinidad, more than 80 Chinese companies participated, in order to pursue business interests across the Caribbean.

The trade agenda has expanded since then and Caribbean and Latin American states have joined forces with China to articulate a broader economic cooperation framework. Thus in 2015, enhancing the trading relationship between the region and China was among the aims of the inaugural China-CELAC forum. An outcome of the forum was the “2015-2019 Cooperation Plan.” In that plan, the broader region and China pledged to, “increase trade in both directions and in a balanced and mutually beneficial way between China and CELAC countries to 500 billion US dollars (by 2019).”²⁰¹

There is reason to surmise that this increase in trade between the Caribbean, Latin America and China in accordance with the projected figure is somewhat feasible. In accordance with UN trade based calculations for select English- speaking states in 2015 (see table 5.0), bilateral trade between the Caribbean and China was over US\$ 3 billion. In the Bahamas alone, two-way trade amounted to US\$ 1.6 billion and with Jamaica, Trinidad, Guyana, Barbados and Dominica, the total figure for 2015, was over US \$1.5 billion.

Table 5.0 Selected Caribbean Countries Bilateral Trade in Goods with China (US\$M): 2004-2015

COUNTRY	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Jamaica	396	325.1	538.4	286.0	294.3	218.6	239.3	374.9	816.8	630.9	561	661
Trinidad	79.6	119.1	175.0	284.0	373.8	347.4	399.1	626.7	451.8	440.9	528.7	521
Guyana	22.4	34.8	99.2	84.0	88.3	69.8	100.7	147.2	225.6	181.3	207.5	210
Bahamas	99.4	155.6	164.6	180.9	385.9	422.7	628.0	613.0	709.0	336.8	743.0	1.6 billion
Barbados	10.6	19.4	75.9	35.9	29.4	93.8	75.2	150.6	106.6	82.9	86.9	84
Dominica	47.3	50.0	69.0	77.9	77.9	23.5	43.4	26.9	26.4	23.1	37.5	41

²⁰⁰ <http://www.china-invests.net/invest/20070914/10139.aspx>

²⁰¹ http://www.chinacelacforum.org/eng/zywj_3/t1230944.htm

These forums have reflected the role of the Caribbean region in China's broader going out strategy for its domestic firms to invest abroad. Moreover, the region's place in China's commercial strategy has been further cemented through its first foreign policy paper on Latin America and the Caribbean in 2008 and subsequently, in 2016. According to the said foreign policy instruments, the region is a land of vitality and hope where mutual economic benefits could be procured.²⁰²

2.1 Trends in Caribbean states' trade relationship with China

The Caribbean region's trade with China has increased steadily for the period under consideration, albeit along highly asymmetrical lines. Trade between the region and China has been marked by increasing trade deficits. An analysis of UN Comtrade data for the period 2005-2015, shows that there has been an almost consistent decline in the terms of trade for the Caribbean in the ten-year period. Imports from China has almost consistently outstripped exports from the English-Speaking Caribbean (see table 5.1, and table 5.2).

Table 5.1 Showing the Value of Selected Caribbean Countries Exports to China from 2005-2015 (US\$)

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Trinidad	19M	10M	20M	24M	103M	108M	340M	140M	120M	101M	39M
Jamaica	220M	359M	39M	6M	22M	3.7M	4M	31M	3.8M	38M	31M
Guyana	8M	18M	18M	17M	11M	17M	15M	26M	21M	40M	49M
Barbados	>1M	>1M	1.1M	1.4M	2.2M	3.8M	6.7M	10.4M	12.6M	15M	19M
Bahamas	>1M	>1M	18M	>1M	>1M	>1M	62M	116M	>1M	>1M	24M
Dominica	1M	8.1M	4.1M	2M	1.2M	2.5M	4M	1M	1M	1M	1M

Source: compiled by author based on UN Comtrade data

Table 5.2 Showing the Value of Caribbean Imports from China from 2005-2015 (US\$)

Country	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Trinidad	100M	165M	263M	350M	244M	291M	287M	312M	321M	428M	482M
Jamaica	104M	178M	247M	289M	197M	236M	371M	786M	627M	523M	630M
Guyana	27M	82M	66M	71M	59M	83M	133M	200M	160M	167M	161M
Barbados	19M	76M	35M	28M	92M	71M	144M	96M	70M	71M	65M
Bahamas	155M	125M	163M	385M	423M	628M	550M	592M	337M	743M	1.6 billion
Dominica	49M	61M	74M	76M	22M	41M	26M	25M	23M	37M	34M

Source: compiled by author based on UN Comtrade data

The trade deficit is particularly striking in the case of the Bahamas. While China exported goods worth several million dollars to the Bahamas, Bahamian exports to China was only worth a few hundred thousand dollars. Between 2011 and 2012, it reached a high of US \$ 62 million and \$ 117 million respectively, but by 2014, it had declined to 138 thousand dollars. In the case of Guyana, Trinidad and Jamaica, their exports to China have fluctuated through-out the ten-year period under

²⁰² https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1418254.shtml

review. One Caribbean state, Barbados, has consistently managed to increase its exports to China for the ten-year period. But even such an increase in exports on the part of Barbados, has not been enough to offset the trade deficit with China.

In contrast to the patterns exhibited above, individual Caribbean states have not always had a trade deficit with China. The figures for Jamaica show that while Jamaica exported US\$ 220 million worth of goods to China in 2005, it imported US \$ 104 million. In 2006, Jamaica exported US \$ 359 worth of commodities to China and only imported US \$178 million. This shows a positive trade balance with China for Jamaica. Jamaica's positive trade balance with China goes back even further, based on an analysis of WITS UN Comtrade data for 2001-2015 (see table 5.3). From 2001-2006, Jamaica enjoyed a positive balance of trade with China. The favourable trade balance enjoyed by Jamaica with China resulted from China's increased demands for commodities such as metals, an important part of the alumina sector in Jamaica. As acknowledged by Goldstein *et al* (2006: 11) from the year 2000, increased demand from Asian drivers of the global economy such as China had a positive impact on the international price in commodities.

Essentially, for much of the first five years of the millennium, Jamaica was exporting more to China than it was importing. While Jamaica benefited from that demand, the pattern of trade became marked by deficit from 2007-2015. Jamaica ran a consistent trade deficit with China based on decreasing exports and increasing imports (see table 5.3). According to the Statistical Institute of Jamaica, the total volume of China-Jamaica trade reached US\$427 million in 2014, an increase of 25.6 % over 2013, and 78.7 % over 2010. By 2012, Jamaica had become China's top trading partner in the Caribbean. According to the Statistical Institute of Jamaica, the total volume of China-Jamaica trade reached US\$427 million in 2014, an increase of 25.6 per cent over 2013, and 78.7 per cent over 2010. As seen in table 5.3, by 2015, Jamaica imported US \$ 630 million in goods from China and exported only US \$ 31 million to China.

Table 5.3 showing Jamaica's and balance of trade with China for 2001-2015

Year	Imports	Exports	Jamaica's Trade Balance with China
2001	1.83%	2.85%	Positive
2002	1.7%	3.96%	Positive
2003	2.3%	8.09%	Positive
2004	2.94%	12.08%	Positive
2005	2.9%	7.10%	Positive
2006	4.10%	15.11%	Positive

2007	3.37%	3.13%	Negative
2008	3.77%	0.06%	Negative
2009	4.51%	1.3%	Negative
2010	4.65%	0.14%	Negative
2011	4.39%	1.32%	Negative
2012	4.72%	0.67%	Negative
2013	5.35%	0.96%	Negative
2014	6.75%	2.63%	Negative
2015	8.19%	2.27%	Negative

Source: author elaboration: WITS World Bank data: UN Comtrade

2.2 Placing the Caribbean's asymmetrical trade relationship with China in context

While the Caribbean's trade with China is highly asymmetrical, there is need to go beyond the data to more effectively place these highly imbalanced relations in perspective. The Caribbean's trade deficit with China comes with at least three major caveats, each of which will be discussed subsequently. One is that it needs to be viewed within the broader context of the asymmetries that exist between small state economies and an emerging economic trade giant like China. China is playing a leading economic role in the international system as compared to various developing regions where China has undertaken its commercial drives, including Latin America.

Another major proviso in the apparently imbalanced trade relations between the Caribbean and China is what the data does not readily reveal and that is, the increased significance of China as an export market for the Anglophone Caribbean. In some instances, like in Trinidad, exports to China grew by over 80% between 2004 and 2014 as will be seen in figure 5.1. This is in line with the Caribbean's increased economic turn to China in the Post-Cold war period.

The third caveat is that China's increasing investments in the Caribbean region in resource sectors as well as investments in infrastructure do have the potential to create further economic synergies between the region and China. Such economic endeavours can benefit Caribbean domestic markets in the medium to long term.

2.2.1 China's comparative advantage in trade

The Caribbean region's trade deficit with China needs to be considered in light of China's comparative advantages. China is a significant competitor not only for small states within the Caribbean region but also for other developing and developed states. According to the World Trade

Organisation, China was the leading merchandise exporter in the world in 2015.²⁰³ Its role as a manufacturing powerhouse has been well recognised in the literature (see KH Zhang 2006; P. Ngai, 2005; Huang and Khanna 2003). This leads to inherent disparities in trade between an economic giant like China and small economies that lack the capital, human resource and technology that China possess. Therefore, leading to economies of scale that enable China to produce competitive goods for the global market.

In general terms, China's comparative advantages has meant growing imports to the Latin America Caribbean region. ECLAC (2015), suggests that from 2000-2014, the Caribbean and Latin American states imports from China far exceeded the region's exports to China. Therefore, resulting in a negative trade balance for the region. According to ECLAC, in the period 2000-2014, China's contribution to the region's imports grew from 2% to 16%, while its export share rose from 1% to 9%. By 2014, both China and the EU accounted for similar shares in the broader region's global trade (12.4% and 12.5%) respectively.²⁰⁴

To date, many Caribbean states have steadily expanded their intake of cheaper goods from China such as clothing, household items and manufactures such as car parts and electronics. This has been fuelled in part by the cheaper availability of Chinese products on the market. According to ECLAC, the majority of the region's trade with China (91%) is in manufactures that are of low, medium or high technology.²⁰⁵ China's comparative advantage in the manufacturing sector based on cheap labour and enhanced technology has meant that it is able to produce these items at a much cheaper rate, thus making it a favourable alternative market for consumers.

However, the generalised picture is somewhat distorted by the variations which exists in Latin America's trade with China, as certain states have been able to benefit from trade with China. In accordance with WITS: World Bank data, from at least 2010 and up to 2017, Brazil has carried a trade surplus with China. This outcome also invariably points to the ability of certain states in Latin America to be competitive with China. Nonetheless, Brazil is part of the small exception,

²⁰³ <http://cncforumenglish.mofcom.gov.cn/article/za/201109/20110907739433.shtml>
<http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Country=CN>

²⁰⁴ ECLAC, Latin America and the Caribbean and China, p.37

²⁰⁵ <http://scioteca.caf.com/bitstream/handle/123456789/872/4115081e.pdf?sequence=1&isAllowed=y>

and does not illustrate the norm in the ongoing commercial interactions. In general, the trade relations have been highly asymmetrical for both Caribbean and Latin American states.

2.2.2 What the trade data obscures: rising significance of China for Caribbean states exports

While on the surface, China's trade with the Caribbean appears highly asymmetrical, the data itself suggests that an important trend is unfolding in the dynamic and that is; the increased significance of China as an export market for Caribbean states such as Trinidad and Guyana. Although the trade balance continues to favour China, both Trinidad and Guyana are Caribbean states which have increased exports to China between the period 2004-2015 (see figures 5.1 and 5.2). For Trinidad with a relatively well-developed oil sector, which contributes at least 40% of its GDP on an annual basis, while trade is still in deficit, exports to China grew by more than 80% from 2004 to 2015. In 2004, it was merely US \$ 4 million worth of products being exported to China but by 2014 it had grown to just over US \$100 million worth of exports to China (figure 5.1).

The same pattern of increasing significance of China as an export market can also be seen in the Guyana where exports to China have grown by more than 70% from 2004 -2015 (figure 5.2). While forestry products were still the leading part of Guyana's exports to China, in 2015 minerals was the second highest export to China in accordance with WITS World Bank data. This is in line with China's investments in the minerals sector in Guyana (see subsection 2.2.3).

The case of Jamaica is quite an interesting one as shown in figure 5.3. It illustrates that small states like Jamaica did not always carry trade deficits with China. The situation of trade deficits with China contrasts with previous trade trends whereby Jamaica carried a positive balance of trade with China prior to 2005. Based on bilateral exports, Jamaica had a competitive edge over China whereby it exported far more to China than it imported. This is due to Jamaica's competitive bauxite sector, as it is among the leading producers of the mineral. In 2016 was the 7th biggest producer of bauxite in the world.²⁰⁶ However, both internal and constraints have impacted Jamaica's trade balance with China as seen in figure 5.3. In 2008, during the global financial crisis, Jamaica's exports to China nose-dived. Exports showed little recovery in the immediate aftermath of the crisis. |However, between 2014-2015 as illustrated in figure 5.3, Jamaica made a concerted effort to export more to China.

²⁰⁶ <https://www.mining-technology.com/features/featurebauxite-behemoths-the-worlds-biggest-bauxite-producers-4274090/>

Figure 5.1: Trinidad exports and imports from China 2004-2015: US\$M

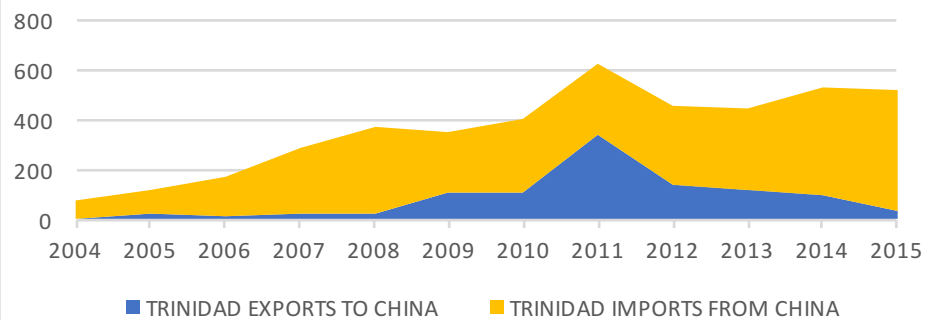


Figure 5.2: Guyana's Exports and Imports with China 2004-2015: US\$M

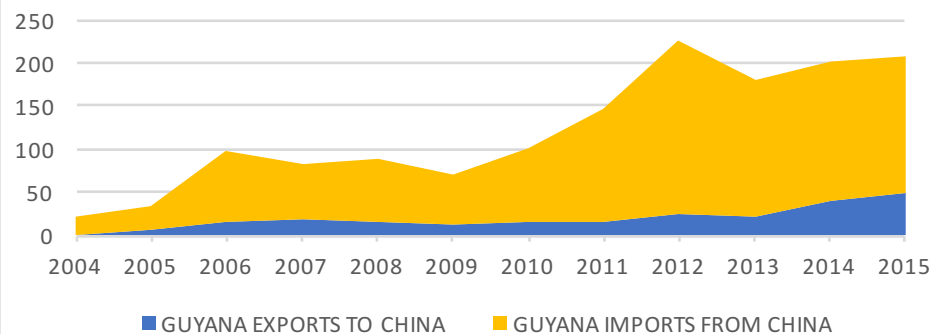
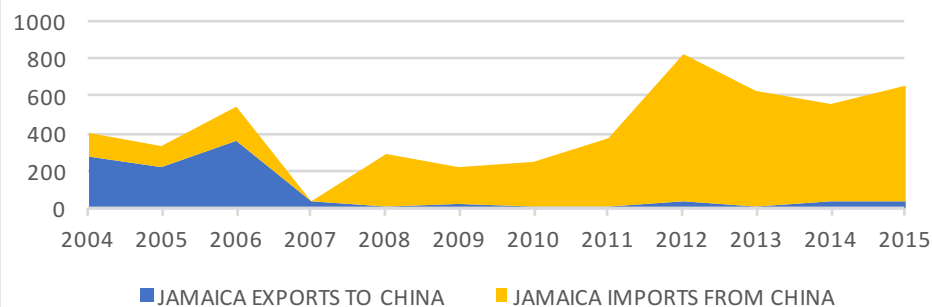


Figure 5.3: Jamaica's Exports and Imports with China 2004-2015: US\$M



As the Caribbean deepens its relations with China, there is the possibility that despite the asymmetries that exist, the Caribbean's trade with China may mimic the same patterns between Latin America and China and that is; select Anglophone Caribbean states may benefit from China's commercial drive in the hemisphere. It may then be that China's resource quest might benefit Guyana, Jamaica and Trinidad given their mineral resources. While market size and other means of comparative advantage may likely continue to favour China, the data has shown an increasing level of Caribbean states exports going to China (see figures 5.1, 5.2, 5.3).

2.2.3 Caribbean States and China's FDI to secure natural resources

Given the presence of natural resources in Guyana, Jamaica and Trinidad, China has been playing an increasing role in FDI in those countries. Chinese companies have sought joint ventures with mining companies in all three Caribbean states mentioned despite challenges in the fast-evolving commercial ties.

Trinidad's Ministry of Energy in 2013, noted that major companies from China operate in the energy sector in Trinidad. These include Chaoyang Petroleum (Trinidad), which is so far owned 50/50 by the Chinese National Offshore Oil Corporation (CNOOC). China also has stakes in other oil and gas companies in Trinidad including, Gas Antilles Limited.²⁰⁷

In the case of Guyana, given its natural resource position, Chinese companies have invested heavily in the logging industry as well as the minerals sector. The company, China's Bosai Minerals, has made substantial investments in Guyana. ECLAC credits the increase in China's FDI in Guyana's mineral sector for overall growth in the country's extractive industry for 2014. According to estimates by ECLAC 2015, FDI in Guyana increased by 19% in 2014 to US\$ 255 million. This contributed to a lower balance-of-payments deficit for Guyana, partly as a result the investments from Bosai Minerals. The latter invested several hundred million (USD) in the sector together with Russia's company, RUSAL.²⁰⁸ With significant oil discoveries in Guyana in 2016, Chinese companies links to the Caribbean have the potential to create further synergies between Caribbean states and China.

With regards to Jamaica, Chinese FDI has been allocated to in the bauxite sector. In 2009, China's Min-Metals spent US\$1 million on bauxite resources exploration in Jamaica as part of its

207 Government of Republic of Trinidad and Tobago; Ministry of Energy, Media Release, May 21st, 2013

feasibility studies. In 2016, another Chinese company, Jiuquan Iron and Steel (Group) partnered with Russian mining company Rusal, in Jamaica to enter into an agreement for ownership transfer of Alumina Partners of Jamaica (Alpart).²⁰⁹

However, while Caribbean countries with commodities can attract foreign investments from China, commodity exports are also subject to broader market volatility in terms of both price and demand. Thus, impacting on states which are heavily dependent on the sector as a primary source of foreign exchange. In a parliamentary report issued by Trinidad's Senate in December 2015, it was acknowledged that the decline in commodity prices in 2015, had an adverse effect on the commodities trade on which Trinidad depended heavily for foreign exchange earnings. The sector comprises of oil and gas exports as well as iron, steel and urea. It accounts for approximately 90 per cent of foreign exchange earnings in Trinidad according to that same report. The Trinidad government report cited a continuing decline in demand by China for commodities in that year.²¹⁰

There are also other challenges in the natural resource sectors of the Caribbean in relation to China. In the case of Guyana, in an effort to fuel the demand for primary products in China, China's state-owned companies have been accused of circumventing environmental rules and regulations. Their activities have also led to concerns pertaining over-exploitation in the forestry sector. A Chinese logging company, Bai Shan Lin, part of a group of companies linked to China, operating in the logging industry in Guyana, has been criticised for failing to operate within the confines of environmental regulations. There have also been charges that the company has attempted to bypass safeguards, thereby contributing to the depletion of forest reserves in Guyana.²¹¹ Such issues will be examined further in chapter 7.

Moreover, in the case of Jamaica, there has been difficulty in moving beyond a primary producer in the minerals sector in order to leverage its competitive advantage in terms of more finished products. Jamaica's interest has been in building a smelter to compensate for this shortcoming. But while China has been engaged with the Jamaican government on this issue, it is still unclear whether China's role in the sector will move beyond its interests in extractive commodities, used to fuel its own development. In 2010, when Jamaica entered discussions with a Chinese company

²⁰⁹ http://www.jamaicaobserver.com/business/JISCO-to-invest-US-2-billion-in-Alpart_67646

²¹⁰ Trinidad Hansard, Senate Report, December 8th, 2015, p. 278

²¹¹ <http://dialogochino.net/bai-shan-lin-the-chinese-logger-with-multiple-interests-in-guyana/>

Zhuhai Hongfan for sale of its 45% stake in the bauxite and alumina industry (Clarendon Alumina Production Limited),²¹² a key requirement insisted by Jamaica in the negotiations was for the company to build a smelting plant in Jamaica in order to increase the export value of the mineral. China's interest was largely on export of the raw product. Media sources in February 2016 indicated that China is interested in building a value-added industry which would mean refining aluminium in Jamaica.²¹³ However, such an indication has not translated into practical decision-making at the ground level. Some have even argued that China's interests in Jamaica's alumina sector is not likely to move beyond securing access to the raw material. Hendrix (2014: 9) noted that promises to invest in further processing capacity would likely be hindered by "democratic political institutions, Jamaica's comparatively strong civil society, and its location in the Caribbean basin." Hendrix further asserted that geopolitical considerations are likely to hinder China's role in the bauxite industry in Jamaica.

Notwithstanding the challenges, with the increasing FDI in the commodities sector in Caribbean states by China, such states trade with China are likely to increase. But should the trade patterns continue along similar trajectories of the past, the underlying implication is that such an increase is likely to be along the familiar patterns of core and peripheral relations where such states serve as a source of commodities with little higher value exports to China. But China's role in the region does suggest that governance issues need to be addressed and that policymakers must take concrete steps to address deficiencies in management of resources and private sectors within the region must also encourage competitiveness.

Section 2

3. The Impacts of Caribbean and Latin American states trade with China

This section aims to examine the debates on China's impact on the Latin America Caribbean region. It seeks to determine how the Caribbean region fit into those wider concerns, given both the empirical and broader knowledge gap on the Caribbean's trade relationship with China.

The section first provides an overview of the debates on China's impact in the Latin America Caribbean region. It is important to first draw from the broader issues in the literature in relation

²¹² Reuters News Agency, <http://www.reuters.com/article/2010/04/21/bauxite-jamaica-china-idUSN2118643520100421>

²¹³ Jamaica Observer Newspaper, "China Wants a Part of Noranda Too?" February 15, 2016

to Latin America as this discussion illuminates the conflicting impacts that trade with China has had on the region. As already stated, the Latin America Caribbean region's deepening economic relations with China in terms of the trade relationship has brought about two main debates pertaining to the impact of the bilateral relations with China on the region. One concern is the extent to which the trade relationship between China and the region is based on familiar patterns of dependency already exhibited in economic ties with economic powers acting within the region. The next concern is whether China can be considered a competitive threat to the Caribbean and Latin America in light of China's rise in manufactures and consequently, its increased import penetration in such states economies.

The impacts have prompted concerns relating to the region's economic development in relation to China as a rising economic power. Such issues also indicate the tensions at the ground level which can in turn, shape responses to China. As will be seen in subsection 3.3.3, China's competitive threat to the region has brought about subsequent concerns relating to antidumping practices by Chinese companies in the region. This has resulted in several actions taken by the Latin America Caribbean region against China at the WTO.

The section then goes on to evaluate more specifically, how the Caribbean region fits within those wider debates by drawing on empirical data based on WITS: World Bank trade data for the period 2005-2015. There are thus far, limited discussions on whether Caribbean states trade ties with China is indicative of the dependency patterns of the past whereby the Caribbean is a site for primary goods and commodities while acting as a destination for higher valued manufactures from China. In an effort to examine how dependency patterns have emerged in the Caribbean and China trade relationship, the actual composition of the trade relationship based on WITS- World Bank data for 2005-2015 between respective Anglophone Caribbean states and China will be examined. These states are Trinidad, Jamaica and Guyana. The empirical data provide insights into the products and resources involved in the growing trade relationship. The quantitative analysis also enables an evidenced-based assessment of the type of trade relationship that is being pursued by China within the Caribbean.

Crucially, there also has to be a consideration as to whether the impact of China's rise in manufacturing has resulted in a competitive threat to the Caribbean like it has been debated in the literature in relation to Latin America. While the discussion in this subsection suggests that

significant caveats preclude the formulation of generalisations pertaining to China as a competitive threat to the Caribbean region in particular, China's rise as competitive threat to Latin America cannot be entirely dismissed. Thus, it is likely that the debate on this issue will continue within the literature on China's rise in the broader region.

3.1 Contextualising the debates on China's impact on the Caribbean and Latin America

In examining the Latin America Caribbean region's engagement with China, an underlying contention in the literature is that the region is being confined to the same trade patterns of the past whereby the region plays a role in China's growing demand for extractive resources while acting as a market for higher valued manufactures (Dominguez, 2006; Gallagher, 2010; Jenkins, 2012; Ellis, 2009, 2014; Casanova et al., 2015). The Council of Hemispheric Affairs (COHA), a think tank geared towards research on relations in the American hemisphere, notes that region's trade with China has meant a "return to the classic dependency patterns where the region ships raw materials to China"²¹⁴ and with much of the consumption related to manufactured products. Rhys Jenkins (2012:2), ponders on similar concerns relating to the asymmetric relationship between the region and China in trade and acknowledges "it shows many of the characteristics of center-periphery relations." Casanova et al (2015:1) examines Latin America's growing dependency on China and notes that commodities exports formed the bulk of China's trade with Latin America, given China's resource quest in the region (at least 80%). Such familiar patterns of trade, question the extent to which Latin American countries can move into the more technologically and high value based production chains which can result in more benefits to the economy in the medium to long term.

The other key argument centers around the idea that China is a competitive threat to Latin America and the Caribbean region given the impact of China's import penetration, that is, the rising share of Chinese goods in domestic consumption. Consequently, this gives rise to concerns about the effects of China on the possible "de-industrialisation" of the Latin America Caribbean region in light of China's rise in the manufacturing sector.

The extent to which similar export product structures have been affected and the degree to which FDI diversion from the region, coincides with China's rise, are key issues underlying this particular

²¹⁴ <http://www.coha.org/china-and-latin-america-what-you-need-to-know/>

debate pertaining to de-industrialisation (see Jenkins and Peters, 2006). Moreover, the rise in trade disputes on alleged anti-dumping practices initiated by the Latin America Caribbean region against China at the WTO also points to concerns about the competitive threat of Chinese manufactures to markets in the region.

While studies draw contrasting views on the issue of China as a competitive threat to region, a major caveat to much of those debates is that such studies do not necessarily examine at length, the competitive turn to China by developing states. China's rise as an important source market alongside other competing actors on the global market in the area of manufactures, have afforded increased opportunities to developing states. Essentially, China's economic rise at the global level in manufactures allowed Caribbean states to diversify their trading partnerships to include emerging actors in their bilateral trade partnerships. China's extensive capital, technological and human resource endowments have also meant that it has been able to use its trading position to penetrate new markets such as those of the Caribbean and Latin America.

Moreover, the discussions generally pay scant attention to internal constraints that impact Latin American states competitiveness. Moreira (2007) made a fairly good attempt at examining this issue more extensively. The said author cited internal inefficiencies as well as governance issues as possible inhibitors to Latin America's rise in the manufacturing sector.

Moreover, in empirical studies focusing on whether China's rise in manufacturing have presumably diverted FDI from the LAC region, or whether trade in similar export structures have been affected, studies obtain very mixed results. The IADB has commissioned various studies which examines *inter alia*, the impact of China on the Caribbean and Latin America (2016, 2007, 2011, 2017). An earlier 2007 study entitled; *Should Latin America Fear China?* published by the IADB, attributed China's rise to losses in Mexico's manufacturing sectors between 2001 and 2003. The study suggested that a shift in FDI from Mexico was evident in that same period. An OECD (2007) study entitled; *The Visible Hand of China in Latin America* found that between 1984 and 2001, there was hardly an FDI dislocation from Latin America to China. However, between 1995-2001, some dislocation of FDI was observed for specific LAC countries namely, Colombia and Mexico. Although specific efforts were made to control for variables that may impact on the region's competitiveness with China, the 2007 OECD study concluded that the results were at best, mixed.

Conflicting results on China's competitive threat to the LAC region was also highlighted by Lall and Weiss (2005). The authors, using trade data, examined whether LAC countries have been impacted by China's rise. Again, the result of the empirical analysis was fairly nuanced. Certain LAC countries such as El Salvador was seen to experience a direct and partial threat in the textile industry from China. Hanson and Robertson (2008) using trade data, applied an empirical model to examine the impact of China's rise in specific exports and found that the issue was highly differentiated across the region. Their study found that Mexico appeared to have been impacted by China in specific export products to the US market. However, other countries within the Latin America Caribbean region appear to have been less impacted by China's rise. Thus, in examining specific export products as well as more general trade patterns, there are still no clear-cut conclusions emerging with respect to China as a competitive threat to the region. Hence, studies generally fail to show a clear correlation between Latin America's presumed decline in manufactures and China's role in this area.

Nonetheless, one may also acknowledge that the debate on China's competitive threat appear to be far from settled judging from recent works on this issue. Strauss and Armony (2016:66) have questioned what they term as the optimism of these earlier studies on China as a competitive threat to the region. They instead suggest that indeed a competitive threat can be observed in relation to Latin America's manufacturing sector. This is in line with the argument proposed by Gallagher's and Porzecanski (2008:186) that China's emergence may "contribute to the persistent issues of current account deficits in LAC, and put LAC further behind in the race to catch up to other developing countries in establishing competitive high-value-added manufacturing capabilities."

Furthermore, trade remedies²¹⁵ sought by Latin America and the Caribbean against China at the international level through anti-dumping cases are also indicative of the challenges faced in the rising trade relationship (Feinberg, 2010; Velasquez, 2015; Fernandez, 2016; Dominguez, 2006; Dumbaugh; 2005). Recently, Zhang (2017) in an IADB Working Paper series examined Latin America and the Caribbean's anti-dumping cases against China's exports to the region. The region thus far, is among those that have led anti-dumping cases against China, making up about 20% of such cases against China, more so than the EU or US that are leading trade partners for China

²¹⁵ Trade remedies are trade policy tools which allow affected governments to take remedial action against imports which have been deemed to cause material injury to a domestic industry.

(Zhang 2017:3). In such cases, the region views China's import penetration as a threat to the manufacturing sector. It is alleged that China has been able to bring in similar products on the market at a cheaper rate which then undercuts local or existing manufacturers.

While the outcome appears to be good for the consumer in the short term given the availability of goods at cheaper prices, the adverse effects of such a practice may not be entirely discounted. In the long term, there can be an impact on employment, technology transfer and profitability in the manufacturing sectors within respective Latin American and Caribbean states.

Despite the lack of a clear-cut answer as to whether China is a competitive threat to Latin America and the Caribbean region, the underlying impact of China's industrialisation on the region's competitiveness, may likely engender future debates.

3.2 Impact of Caribbean states increased trade with China: a new dependency

While the broader literature examines dependency patterns in relation to Latin America and China, much is not said about the Caribbean per se. In order to examine the extent that Caribbean states trade with China follows the same pattern whereby commodities and primary products are the main aspects of the trade relations, an examination of the Caribbean's trade with China is undertaken. The analysis is based on WITS World Bank data for the period 2005-2015. The evaluation takes into account three Anglophone Caribbean states with natural resources; Jamaica, Trinidad and Guyana.

Although there has been a lack of in-depth studies on the Caribbean, the increasing turn to the Caribbean by China for commodities in 2005, coincided with the first China-Caribbean Trade and Economic Cooperation Forum. Increasing trade and investment opportunities between the Caribbean and China were among the main aims of the first high level forum between the two sides.

Whereas the role of the Caribbean as a source of commodities for China is small in comparison to the broader Latin American region, it may be acknowledged that China's role has substantially increased in resource states in the Caribbean. Main exports to China by the three Caribbean states mentioned, revolved largely around commodities and primary goods. As seen in table 5.4, the main exports by the English -speaking Caribbean region were mainly products such as fuel, chemicals, minerals and timber. These exports reflected each Caribbean state comparative advantage in

resources. Trinidad is a major oil exporting country in the Caribbean and thus exports fuels and chemicals to China. Jamaica has bauxite resources and has been able to export metals and chemicals to China. Guyana has ample natural resources such as timber, gold and other minerals and as such, this has been reflected in its main exports to China.

Therefore, in light of the commodities trade, the relationship between the English-speaking Caribbean region and China did not differ markedly from that of the developing states within the Americas region. However, this conclusion also needs to be placed in perspective as China is playing an increased role in foreign direct investments in the resource sectors within those states, as already discussed.

Table 5.4 showing Caribbean states main exports to China 2005-2015

Country	Commodities Exported
Jamaica	metals
	chemicals
Trinidad	fuels
	metals
Guyana	Wood/timber
	minerals

Source: author elaboration; WITS: World Bank data

(1) Jamaica's export trade with China

Given Jamaica's position as a leading bauxite producer, its commodities has been in increasing demand in China. The United States Geological Survey for 2014, showed that Jamaica and Guyana ranked second and third in terms of countries with export potential based on significant reserves of bauxites. In line with its bauxite resources, an analysis of Jamaica's trade patterns with China for the period 2005-2015, based on WITS- UN World Bank data, illustrates that commodities such as chemicals and metals, have been Jamaica's most significant exports to China. At least 80% or more of Jamaica's exports to China between 2005 and 2015, were in those two commodities (table 5.5). While China is not a significant market for Jamaica's exports, making up about 2-3% of Jamaica's global export trade for the period (WITS World Bank data), most of Jamaica's exports to China are commodities- based products.

Table 5.5 Jamaica's main exports (%) to China (2005-2015)

Year	Chemicals	Metals
2015	80.72%	15.61%
2014	53.57%	29.13%
2013	na	41.0%
2012	81.27%	6.38%
2011	45.2%	47.5%
2010	na	42.84%
2009	92.05%	4.79%
2008	na	83.18%
2007	11.99%	87.49%
2006	69.58%	30.30%
2005	95.11%	4.73%

Source; author elaboration; WITS: World Bank data

The export pattern for Jamaica illustrated that a main trade interest for China in the English-speaking Caribbean region is that of commodities, even taking into account the limited export trade with China. According to WITS World Bank data, by 2009, China had become Jamaica's ninth-largest export destination and by 2012, China's top trading partner in the Caribbean. According to the Statistical Institute of Jamaica, the total volume of China-Jamaica trade reached US\$427 million in 2014, an increase of 25.6 per cent over 2013, and 78.7 per cent over 2010.” Given the prevalence of commodities in Jamaica's exports to China, its export pattern does not deviate significantly from that of being a producer of commodities and an importer of more finished products.

(2) Guyana's export trade with China

Similar trends relating to the Caribbean being a source of commodities and primary products for China obtained in Guyana. The latter is the English -speaking Caribbean country with the most diverse set of natural resources. This includes substantial oil reserves, other minerals and forestry products. Mining is a major economic sector in Guyana and include gold, quarry stones and diamonds. In 2015, natural resources including the extractive industries made up about 30% of Guyana's GDP.²¹⁶ The leading mineral commodity exports in 2015 were, in order of value, gold (US\$501.1 million), bauxite (US\$104.6 million), and diamond (US\$16.7 million).²¹⁷ In the period, January to May 2014, gold alone accounted for 44.8% of Guyana's export earnings.²¹⁸ Guyana's

²¹⁶ <http://www.worldbank.org/en/country/guyana/overview>

²¹⁷ Szczesniak Philip A. 2015 Minerals Yearbook, US Department of the Interior and US Geological Survey, p. 12

²¹⁸ <https://www.gov.uk/government/publications/exporting-to-guyana/doing-business-in-guyana-guyana-trade-and-export-guide>

vast forest reserves along the Amazon rain forest also makes it a leading exporter of timber in the Anglophone Caribbean.

An analysis of WITS UN World Bank data for a ten-year period (2005-2015), in terms of Guyana's exports to China, further reinforces the claim that the Anglophone Caribbean region's trade relations with China is one based largely on natural resource exports (see table 5.6). This again points to familiar trends in relation to previous actors. Thus, the English-speaking Caribbean's trade with China does not differ from traditional dependency patterns of the past where the region is an exporter of primary products rather than that of higher value-finished goods. As shown in table 5.6, primary products such as wood have been the bulk of Guyana's exports to China for the ten-year period and accounted for over 80% of exports between 2005 and 2015. Exports of commodities such as minerals reached a high of 50.66% in Guyana's exports to China in 2012. By 2015, mineral exports formed 20% of Guyana's exports to China. It is left to be seen whether increased mineral exports from Guyana to China will be indicative of a continued trend of commodities exports especially in light of the significant investments made by China in the sector.

Table 5.6 showing Guyana's exports to China 2005-2015

YEAR	WOOD	MINERALS
2005	91.91%	0%
2006	87.74%	0.18%
2007	93.36%	0%
2008	96.23%	0%
2009	82.50%	0%
2010	93.46%	0.24%
2011	88.96%	0.73%
2012	42.25%	50.66%
2013	92.76%	0%
2014	85.46%	6.69%
2015	71.11%	22.03%

Source: author elaboration: WITS: World Bank data

(3) Trinidad's export trade with China

In the case of Trinidad which is the Anglophone Caribbean's leading oil producer, the majority of its exports to China are commodities based. Data for 2005-2015, shows that about half of its exports to China have comprised of fuels (see table 5.7). This is followed by metals which made up the majority of Trinidad's exports to China for that period. Thus, the pattern whereby the Caribbean serves as a source of raw material rather than that of the higher valued finished products in trade with China is seen also in Trinidad's trading relationship with China. The overall analysis

suggests that much of the ongoing trade with China thus far, mimic the center-periphery relations that the region has been particularly familiar with in their trade globally.

Table 5.7 showing Trinidad's exports to China: 2005-2015

YEAR	FUELS	METALS
2015	44.74%	0.59%
2014	26.29%	3.46
2013	41.58%	32.15%
2012	46.97%	33.28%
2011	61.55%	17.33%
2010	31.22%	19.34%
2009	68.18%	4.12%
2008	34.58%	28.4%
2007	44%	11.88%
2006	59.17%	19.20%
2005	47.53%	34.54%

Source: author elaboration: WITS: World Bank data

3.3 China a competitive threat in manufacturing in the Caribbean region?

The issue of China as a competitive threat to the Caribbean brings to the fore key considerations pertaining to the extent that China's rise in manufactures has had an effect on FDI in manufactures in the region and whether there is a level of competitiveness between the two with regards to exports of similar products. Jenkins and Peters (2007: 7) argue that China is not only seen as a competitor for similar goods in third markets especially in relation to labour intensive manufactures, but also with regards to the interrelated inflow of FDI. These are no doubt complicated issues well beyond the scope of this subsection on the impacts of the Caribbean and China trade relationship. Thus, the focus is on analysing the trade patterns based on UN World Bank data from 2000-2015, to determine the extent to which the region has been impacted by China's rise in manufactures. In doing so, the subsection aims to examine why attributions regarding China as competitive threat to the Caribbean is not necessarily clear cut.

FDI diversion from the Caribbean region is a rather multi-faceted and complex issue on its own terms. Thus trying to situate China into that nexus with regards to particular product structures, does not necessarily lead to firm conclusions. FDI diversion in particular industries, namely the garment industry within the Caribbean, witnessed a substantial shift in the 1990's and in the early part of the millennium.

While this period appears to coincide with the rise of other markets, in similar product structures, this provides insufficient basis for evidence-based conclusions that the Anglophone Caribbean faced competitive threats in this area from other actors including China. The factors that may have impacted such a shift includes the issue of the region's competitiveness as opposed to others with similar or better factor endowments relating to cheap labour and more extensive technological capacity. These are among the contributing elements that may have to be accounted for in the debates regarding FDI diversion. Internal issues within the Caribbean region can also adversely affect its competitiveness to some degree.

Notwithstanding the above issues, it is still important to acknowledge that FDI in lower end manufactures has been an important area of economic activity for the Caribbean and Latin America. Specialisation in labour intensive manufactures has been part of the Caribbean and Latin America economic landscape at least from the 1980's. These often rely on cheap labour and meet the goal of attracting investments within developing states while also favourably influencing employment levels among the lower skilled in such states.

However, starting in the 1990's, the region witnessed a substantial shift in FDI in those areas. By 2004, the *Economist*, looking at the impact of China on Mexico's manufacturing noted; "there is now another side to the Mexican economy, one of quiet desperation at the continuing haemorrhage of jobs and factories...it has now become painfully clear that China is the favourite destination for the labour-intensive manufacturing that Mexico specialised in for the past three decades."²¹⁹

Such events also played out in the Anglophone Caribbean in the case of Saint Lucia with regards to garments manufacturing. The export processing zones located in the south of Saint Lucia, once reserved for garment manufacturing and other light assembly, have not been in use for decades now, displaced by increased competition from presumably more competitive markets.

While FDI diversion in the Caribbean's garment manufacturing industries for instance, coincided with China's rise in the industry in the 1990's, this does not necessarily lead to firm conclusions that this can be attributed to China's increasing outputs in this area. In this regard, correlation does not necessarily imply causation. There are other external and internal factors at play which may be associated with the decline of the industry in the Caribbean region. These include well

²¹⁹ <https://www.economist.com/the-americas/2003/07/24/the-sucking-sound-from-the-east>

established labour standards within the region when compared to other developing state in other regions. A lack of economies of scale is also readily seen in the Caribbean, thereby increasing the vulnerability of such states in wider global economic processes.

Although studies regarding the effect of China's rise as a manufacturing powerhouse with respect to the Anglophone Caribbean are not readily available in the literature, early studies conducted by ECLAC in the initial phase of the Post-Cold War era, showed the significance of the garment manufacturing sector and light electronics to Saint Lucia's economic development between the 1980's and 1990's. The 1993 study highlighted the significance of the sector to Saint Lucia's economic development in terms of employment and technology transfer. In 1993, Saint Lucia had 17 export processing plants that employed a total of 2,820 persons, 72% of that employment was in garment manufacturing and 30% in other light manufacturing (see ECLAC; Larry Wilmore 1993).

However, production lessened in Caribbean states such as Saint Lucia and by the year 2000, many factories had closed down due to external competition. This affected much of the lower skilled labour employed in the economic zones. The Caribbean's significance as part of apparel commodity chains linked to the US market lessened considerably in that period which also coincided with the rise of Asia. Hale (2002) focuses on China as among the significant winners in the shifts in the garment industry globally in that period. Green (1998) also provides a fairly comprehensive assessment of the intersection between the Caribbean, the US and Asia in the garment industry. Overall, markets in Asia with presumably more advantageous labour costs and less regulated environments, coupled with strong expertise in the sector, may have proven favourable for such investments.

But while one may allow there was a shift in the 1990's in FDI in manufacturing in the garment industry in Anglophone Caribbean countries like Saint Lucia, this may not necessarily be attributed to the rise of China in similar product structures during the same period. The rise of globally competitive MNC's means that firms do seek to maximize their profit in different areas of the globe. This can mean shifting production processes away from regions where economies of scale or other factors may be seen to impact on profit maximization. The rise of China meant that China benefited from not only a huge influx of FDI from such MNC's as has been established by Stiglitz and Yusuf (2001), but China's huge cheap labour supply and internally driven policies to expand

its manufacturing base, played a role in its global competitiveness. This meant that other region's with less comparative advantages would ultimately be impacted.

Given the complex interplay of issues just discussed, possible assertions that China may be a competitive threat in terms of FDI diversion away from the region is somewhat problematic. Nonetheless, one might conclude that while the rise of China in manufacturing in the garment industry have been shown in the literature to impact certain Latin American countries with similar products, including Mexico (Peters, 2005, Jenkins *et al.*, 2008, Gallagher *et al.*, 2008), there is insufficient evidence to conclude the same with respect to the Anglophone Caribbean.

3.3.1 Caribbean states competitive turn to China

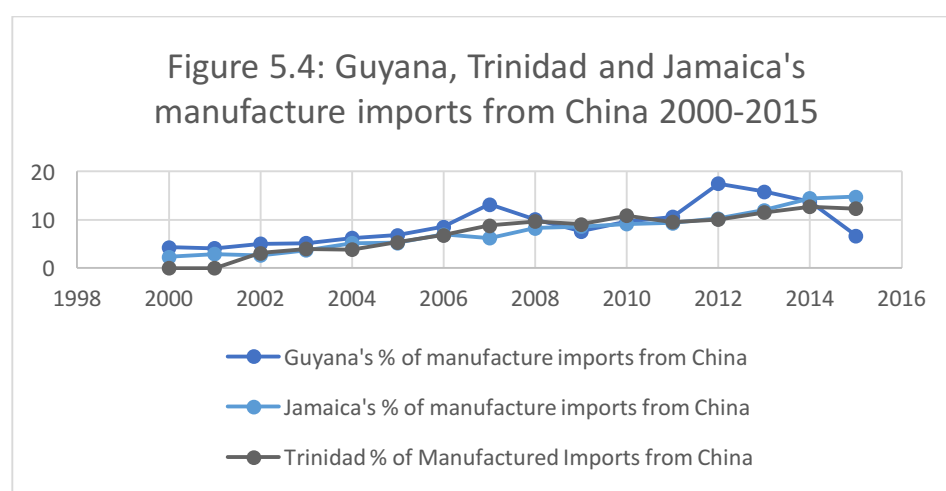
The notion of China as a competitive threat is further undermined by Caribbean states own turn to China as an arguably competitive market in manufactures. China's emergence in trade has resulted more so in a diversification of Caribbean states markets for manufactured imports at the global level. There is a presumed benefit to the consumer based on the availability of what has been considered cheaper products from China. Thus, Caribbean states have expanded their access to China's seemingly more competitive market given the latter's role as a leading manufactures exporter. China's position as a manufacturing power house was cemented in 2014. Chinese manufacturing output became the highest in the world and was worth \$1.9 trillion, followed by the US with an output worth \$1.8 trillion.²²⁰ This at least suggests that China's rise and subsequent ability to compete economically with other nations in various economic sectors made China an important trading partner to developing states on the world market.

China's market presented an economic opportunity for the Caribbean alongside traditional actors. China's rise not only changed the economic landscape for developing countries but also developed states. It meant that Anglophone Caribbean countries could then diverge from other leading developed states markets which offered similar products. In taking into account the massive differentials in capital and technological endowments that exists between the Latin America Caribbean region and China, much of the imports center on items where the region lacks

²²⁰ UK House of Commons Briefing Paper, Manufacturing, August 2016

competitive advantage in terms of labour or technology. Instead, the region relies on world markets for such goods.

More specifically, a close examination of data from the WITS: UN World Bank data for a fifteen-year period (2000-2015) illustrates the effects of a “rising China” on manufactures sector in the English - speaking Caribbean (see figure 5.4). An analysis of trade patterns for Trinidad, Jamaica and Guyana with respect to manufactures, shows that China played an increasing role in manufactures exports to the Caribbean especially between 2005-2015, where previously, its presence was quite limited.



As seen above, from 2000-2015, Trinidad import of manufactures from China increased steadily for the period. Starting with insignificant levels of imports of manufactures from China for the period 2000-2002, by 2005, levels of manufacture imports reached 5%. Between 2010-2015, more than 10% of Trinidad’s manufactured imports came from China. Thus, it may be concluded that Trinidad expanded its market outreach to China in that period.

Guyana’s imports of manufactures from China increased steadily from 2000-2007. Manufactured imports from China doubled in 2007 and reached a high of almost 20% of Guyana’s import of manufactures in 2012. This showed the growing significance of China as an import market for the Anglophone Caribbean by 2005.

In the case of Jamaica, China’s import penetration into Jamaica has been significant as shown in an analysis of data from 2000-2015 (WITS World Bank). As seen in figure 5.4, for a 15 year period the relevance of China as an import source for manufactures increased almost steadily. Thus,

enabling China's import penetration into Jamaica based on internal demand. Starting with lower levels of trade in manufactures from China, at least below 5% from 2000-2004, the shift in 2005 towards China was quite noticeable. By 2006, trade in manufactures had grown to almost 10% and went up almost steadily, thereafter. By 2015, almost 20% of Jamaica's trade in manufactures came from China.

These findings suggest that Caribbean states import patterns have shifted to include China as an important market for manufactured products, resulting in higher import penetration by China inside the region. As pointed out by Jenkins (2007: 281) "there is a presumed benefit to the importing economy from the increased supply of cheap Chinese manufactures."

In the Caribbean, Chinese manufacture imports can be fuelled by demand for cheaper alternative products. Thus, traders attempt to source products from China with a view to maximising their profit margins. Local entrepreneurs may team up with manufacturers from China to source goods at cheaper prices. Private Chinese entrepreneurs can also utilise their own networks to set up retail businesses in the Caribbean. This trend has been observed by Ellis (2014) with respect to Latin America and the Caribbean. Similar trends have been acknowledged by Mc Kaplinksy (2009) who note that petty-trading by Chinese immigrants is widespread within African economies. Even when Chinese products may not be perceived to have the same quality as that of other manufacturers, it does promote some perception of affordability for the consumer.

But while it might be posited that cheaper products from China can lower costs for consumers, it is not clear that it helps improve employment prospects or technology transfer in the medium to long term. These are important for facilitating development within Caribbean states. Such salient issues cannot be entirely overlooked despite China's role as a competitive market for Caribbean states.

3.3.2 Trade and financing nexus: aiding the competitive turn to China

Further facilitating Caribbean states competitive turn to the Chinese market has been the inter-connection between trade and lending in China's development assistance to developing states. As Easterly and Pfutze (2008:45) succinctly argue, "tied aid comes with the requirement that a certain percentage of it has to be spent on goods from the donor country ...(and) increases the market power of the donor country's firms and often amounts to little more than ill-disguised export

promotion.” Along a similar vein, Davies et al (2008: 7) acknowledge, “Concessional loans offered to developing states are usually tied to Chinese exports (and) are contingent on a certain percentage of Chinese goods and services being procured with that loan.” The loan may be used for equipment, technology, materials or service purchases. However, at least 50 percent has to come from China. Davies emphasises that the methodology is similar to that of traditional donors. Such loans then allow Chinese companies to gain an advantageous entry point into new markets.

The increase in Caribbean states concessional lending from China for the development of infrastructure in various economic sectors within those states, has coincided with an increase in the trade relationship with China. As already noted, this in itself is not unique to China as an emerging economic power.

However, the consistent practice of tying lending to market access, does increase the opportunity cost of engaging China within the Latin America Caribbean region. Concerns regarding China’s modus operandi have been raised by scholars. Moreira (2006:15) suggests, “from the LAC manufacturers point of view, the omnipresence and generosity of the Chinese state has a very practical and immediate implication, that is, to tilt the playing field in favour of their Chinese (counterparts).”

Thus, the turn to Chinese imports on the part of Caribbean states has been aided in part, by the conditions imposed by China on Caribbean states for access to lending for investment projects. Lending can be tied to not only having a Chinese labour component but also involves the purchase of goods and services from Chinese firms. These policies make it easier for Caribbean states to source products from China. As reported by Jamaica’s Parliament, among the conditions for lending by China to Jamaica, was that 40% of the work had to be carried out by Chinese contractors.²²¹ Such conditions can determine sources of both material and labour. It can also impact on Caribbean states overall terms of trade with China by increasing their inputs from the Chinese market.

In line with China’s involvement in infrastructure investments, a substantial share of Caribbean states imports from China are not only consumer goods where it has been shown to have an advantage in cheap consumer items. Increased intakes are also tied to machinery and electronics.

²²¹ Jamaica Hansard; Parliamentary Proceedings, April 24th - July, 19, 2011, Session 2011-2012, Vol. 37 No. 1, p. 157

As seen in table 5.8 for Guyana, Jamaica and Trinidad, there was an almost steady increase in such products from China from 2005-2015. This correlates with the period of strategic bilateral processes undertaken between the region and China to strengthen trade and lending. Therefore, while increasingly engaging Caribbean states in concessional lending, China simultaneously strengthened its trade position in the region.

Table 5.8: Jamaica, Trinidad and Guyana's machinery and electronics imports from China: 2000-2015

Year	Trinidad: machinery & electronic import (%)	Jamaica: machinery & electronic import (%)	Guyana: machinery & electronic import (%)
2000	12.40	14.03	24.08
2001	16.16	13.20	21.22
2002	17.76	12.96	17.81
2003	18.61	24.85	17.09
2004	18.20	24.11	16.95
2005	18.43	19.29	19.10
2006	17.47	19.49	41.32
2007	22.56	21.96	39.87
2008	19.20	25.15	26.49
2009	29.77	24.65	22.04
2010	31.94	27.86	21.73
2011	31.85	26.16	30.94
2012	32.53	26.93	53.57
2013	30.22	31.80	32.77
2014	30.77	35.57	30.307
2015	33.80	32.54	27.2

China's rising role in imports in Trinidad has been partly fuelled by Trinidad's increasing lending from China for infrastructure investments. Media sources within Trinidad in focusing on the unfolding trade relationship suggests that between 2004 - 2009, Trinidad imported US \$1.6 billion worth of manufactured goods from China. These included diesel buses, bricks and pipes from China.²²² In 2011, Trinidad's demand from China was much the same in terms of higher value manufactured products.²²³ Much of the imported commodities mentioned are utilised in the construction industry.

The high concentration of imports in machinery and technology reflects the type of investments China engages in with the Caribbean and that is; infrastructure investments. As stated by Renard (2011:16) "machinery and transport equipment imports are linked to the strong presence of Chinese firms in the infrastructure sector." For instance, as shown in table 5.8, almost 40% of Jamaica's imports from China were for machinery and electronics in 2014. In the case of Jamaica's imports of manufactured products and electronics, there appears to be a concurrent rise in the

²²² <http://www.newspday.co.tt/business/0,146188.html>

²²³ <http://www.trinidadexpress.com/news/PM-PRAISES--CHINA-TIES-209752631.html>

imports of such products as China deepened its infrastructure investments in Jamaica. In 2003, Jamaica signed a technical and cooperation agreement with China for an interest free loan of US \$ 2.5 million for infrastructure works to be carried out by Jamaica's National Water Commission.²²⁴ In that same period, there was a significant rise in such imports from China. In 2003, Jamaica's imports doubled from 12% to 25%. A key condition for the interest free loan was the sourcing of pipes and other materials from China.²²⁵ Overall, access to Chinese products have been significantly aided by China's financing and involvement in infrastructure projects in the region. Thus, indicating that the turn to China has been partly facilitated by China's modus operandi in development assistance in the Caribbean region.

3.3.3 Concern with anti-dumping in manufactures trade with China

Given China's increased import penetration in terms of manufactured products in the region, a concern for Latin America and the Caribbean states have been the inability of their local manufacturing industries to compete effectively with cheaper products from China. Essentially, the region is concerned that China is able to offer products at a price below production cost, thus making such products cheaper in domestic markets to which they are sent. Hence, resulting in unfair competition in the existing market. On the surface, this might benefit the consumer in the short term, but it does have an impact on local manufacturing sectors given the possible loss of productive and technical capacity.

Such concerns have led to a record number of actions against China at the WTO for anti-dumping practices within the Latin America and the Caribbean. According to Zhang (2017:3) in a study for the Inter-American Development Bank, "LAC accounted for approximately 20 percent of the cases led between 1995 and 2014 (against China), a share higher than that of the U.S. or the EU, which are among China's largest trade partners." Feinberg (2010) found much the same results and noted that between 2005 and 2008, Latin America Caribbean countries, filed 156 cases at the WTO with regards to anti-dumping. Almost half of those cases were filed against China. The items involved were largely manufactures such as textiles, steel products and domestic appliances.

²²⁴ <http://china.aiddata.org/projects/39835>

²²⁵ http://www.jamaicaobserver.com/news/95953_Chinese-gov-t-hands-over-pipes--equipment--worth-US-2-5-m

The “dumping”²²⁶ of products on domestic markets drive down the prices for similar products, thus leading to local or regional businesses being unable to compete. According to Jenkins (2013: 10), “in the face of growing competition from cheaper imports, domestic firms are forced to lower their price-cost mark-ups.” This results in substantial losses that affect companies abilities to remain competitive and functioning. The downward pressure on domestic prices works through various channels. As explained by (Kamin et al., 2004: 5), “Low-cost countries (such as China) depress prices in a domestic market by replacing more expensive imports from other trading partners, or by inducing a lowering of the prices of imports from these partners.” In the Caribbean, Chinese products are known for their affordability to the consumer, and this can influence the turn to Chinese products.

With import penetration comes losses at the domestic level for local firms specialising in similar products. Enabling Chinese products to “flood” the market in these economies while having a positive effect on consumption in the short term, can create longer term effects such as loss of employment. It can also stymie efforts to build local manufacturing capacity within respective states. Therefore, in an effort to minimise the perceived and practical disadvantages from China’s low cost production, the Caribbean and Latin America have resorted to the WTO in a bid to limit losses to their domestic industries in relation to trade practices that may not necessarily be compatible with WTO rules.

While direct challenge of China at the WTO level can be more attributable to respective Latin American states such as Brazil and Argentina, the Caribbean is nonetheless impacted by China’s rise in manufactured products. The lack of “offensive actions” against China is partly due to lack of financial and technical resources. Caribbean states often lack adequate technical and diplomatic capacity which would be required to engage in the search for trade remedies in relation to dumping of products by a WTO member state such as China. Anglophone Caribbean states such as Trinidad has been directly impacted by the rise of China’s domestic production in areas such as steel. The dumping of steel by China on the global market was blamed for retrenchment in Trinidad. In 2015, China’s dumping of cheap steel on the global market was seen as a reason for the shutdown of Trinidad- based company, ArcelorMittal. At least 800 workers were laid off. Cheap steel from

²²⁶ “dumping” of a product on a domestic market by an external producer occurs when an exporter sells its products at a lower price than the average price under which it is ordinarily sold in the domestic market. Article VI of GATT 1994, allows action against imports from countries are alleged to be in breach of the applicable rule.

China had driven down global prices. The company, noted that its Trinidad operations had to be scaled back “due to an over-supply of steel in the global market and a decrease in orders of it direct reduced iron and steel products.”²²⁷ ECLAC (2011: 17) also acknowledges the significant market penetration of Chinese imports in this sector, from 3% in 2005 to nearly 30% in 2010.²²⁸ Thus, the Caribbean has been impacted by China’s rise in manufacturing to some extent. The concern from the Latin America and the Caribbean region has been the inability of their local manufacturing industries to compete effectively with cheaper products from China.

More broadly, the underlying issue pertaining to de-industrialisation of Latin America and the Caribbean region due to competition from China in terms of manufactured products, is not entirely without merit. A 2016 study by Guajardo *et al*, for the think tank, Atlantic Council, concludes that China has contributed to the region’s de-industrialisation by diminishing the region’s ability to engage in higher value-added complex goods and industries. It has also had impact on the consequent training and jobs that accompany such FDI activities. Further, as noted by the *Economist*, the Caribbean and Latin America’s “trade with China generated 17% fewer jobs per dollar’s-worth of exports than did trade with other countries.”²²⁹

The role of China in deindustrialisation of the Caribbean and Latin America while debatable, can be said to have some degree of impact on the Caribbean region. It can be acknowledged that China’s rise in terms of manufactured exports and the resulting trade deficit in the Caribbean is not necessarily a spurious correlation. The deficit carried by the Caribbean in trade with China is partly due to the high import of manufactures from China. The vast majority of Anglophone Caribbean states imports from China is in the category of machinery and electronics as per analysis based on UN Comtrade data for 2005- 2015 (see table 5.8).

However, the Caribbean’s internal market itself is also facilitating a turn towards China based on the presumed benefits of cheaper imports to meet consumption demands and enable profit maximisation by merchants, at least in the short term. In the long term, the technological capacity, technical skills and higher value added exports may diminish. According to Gallagher (2010:1) “Chinese manufactured goods are more competitive than those from Latin America in both home

²²⁷ <http://www.guardian.co.tt/business/2015-12-09/china-steel-takes-toll-arcelormittal>

²²⁸ ECLAC Report 2011, China and Latin America and the Caribbean p.17

²²⁹ <http://www.economist.com/news/americas/21710307-chinas-president-ventures-donald-trumps-backyard-golden-opportunity>

and world markets. These twin trends may jeopardize (the region's) prospects for long-term growth." Thus, the competitive threat thesis promoted by Gallagher (2010) and Lall *et al* (2005), among others, in terms of China's increased market penetration within the region, may not be entirely discounted across the region.

4. Discussion of research findings and case summary

The findings highlight both the complexity and ambiguity of the trading relationship. More broadly, small Caribbean states are acting within the context of their own vulnerability and fragility in broader economic processes while concomitantly seeking to assert their own interests and agency in the relationship. Thus seeking to extract opportunities in the presence of underlying constraints.

Firstly, the findings suggested that Caribbean states have made a competitive turn to China for manufactured goods while seeking to increase China's role in FDI across resource sectors and in infrastructure financing. Thus, the pursuit of opportunities have been integral to the economic relationship. However, it was also found that trade with China has been highly asymmetrical, with increased trade deficits for the region. The highly imbalanced trade patterns between the Caribbean and China corroborates with findings relating to China's trade with Latin America but within a somewhat differentiated context. In Latin America, China's rise on the surface, has meant winners and losers with certain states like Brazil instance, enjoying positive trade balances with China as discussed. But this has been more the exception rather than the rule as Latin America and the Caribbean's increased trade with China overall, has resulted in significant imbalances for the region (see ECLAC, 2015). For the Caribbean region in particular, the terms of trade has been in consistent decline for Anglophone Caribbean states as evident by the research findings from 2005-2015.

The negative outcome is not simply due to power asymmetries between China as a trade power and the Caribbean as developing states. As will be seen in chapter 6, the Caribbean's trade relations with traditional actors such as the US and UK, do not necessarily mimic such decisive deficits given the role of traditional partners as export destinations. Respective Caribbean states like Trinidad have also had a more consistently positive trade balance with leading economic actors like the US (see chapter 6).

Such outcomes do raise pertinent issues regarding whether Caribbean or Latin American states have been able to leverage their trade interests effectively in interactions with China, notwithstanding the advantages garnered by China in global trade. Respective governments in the Caribbean region have not managed expand exports beyond the commodities structure that currently exists in the territorially larger and resource endowed states of the Caribbean (Trinidad, Guyana and Jamaica). The need for the region to enhance its interests in economic relations with China has been raised by ECLAC (2011, 2015). Peters (2015) and Wenner and Clarke (2016) also conclude that Caribbean and Latin American countries should look to negotiating more favourable agreements with China.

But despite the imbalance, Caribbean states have made efforts aimed at countering the underlying asymmetries in the relations. There has been an attempt to diversify trade with China in areas where such states have a level of competitiveness. For instance, to benefit from China's huge market potential in terms of tourism, Anglophone Caribbean states such as Jamaica, Barbados and the Bahamas have made concerted efforts to increase China's FDI in the sector. Such states have also sought avenues for penetration into China's market through the implementation of various initial policies, including concluding Air Service Agreements with China.

Secondly, the findings suggested that emerging in the wider economic processes are distinct center-periphery trade patterns which are reminiscent of previous trade relationships with other economic powers. Based on the strong commodities export structure of Caribbean states and increased levels of imports from China as evident in an analysis of WITS UN Comtrade data for the period 2005-2015, it was shown that there is ample space for a new dependency on China to materialise within the current context of the unfolding relations. Thus, promoting the familiar trends of core and periphery relations whereby the region is an exporter of primary products rather than higher value- added production.

Thirdly, the findings revealed that in examining concerns regarding China as a competitive threat to the region, the issue was somewhat more nuanced. While substantive conclusions may not necessarily be drawn that China is a competitive threat to the region, there is need for a balanced approach when assessing those claims. On one hand, manufacturing industries in the Anglophone

Caribbean, more specifically, garment manufacturing, was negatively impacted in the 1990's. This period coincided with the rise of Asia in similar product structures.

However, correlation does not necessarily imply causation. Consequently, several other factors could have influenced the downturn for specific Anglophone Caribbean states in such industries. Thus, based on the findings, there is insufficient evidence to conclude that China has been a competitive threat to the Caribbean. Rather, China's rise has presented significant opportunities to expand Caribbean states access to goods on the global market. China's emergence has also aided developing states like those of the Caribbean region to pursue economic development goals.

On the other hand, while debatable, the rise of China in manufactures can be said to have some degree of impact on the Caribbean region. It can be acknowledged that China's rise in terms of manufactured exports, its subsequent import penetration and the resulting trade deficit in the Caribbean is not necessarily a spurious correlation.

The deficit carried by the Caribbean in trade with China is partly due to the high import of manufactures from China. The research findings revealed that a vast majority Anglophone Caribbean states imports from China has been in the category of machinery and electronics as per analysis based on WITS: World Bank data for 2000-2015. This pattern was evident for Trinidad, Guyana and Jamaica. Other Caribbean states interactions with China did not significantly deviate from this general trend as much of their imports from China were similar.

The Caribbean region's internal market has also facilitated a turn towards China based on the presumed benefits of cheaper imports to meet consumption demands and enable profit maximisation by merchants and retailers, at least in the short term. In the long term, the technological capacity and technical skills that can be generated from higher value exports can be diminished. Thus, the competitive threat thesis promoted by Lall et al since 2005, cannot be entirely discounted in relation to the Caribbean. But neither can it be conclusively attributed to the trade relationship between the Caribbean region and China. Hence the need for a more nuanced assessment regarding China's possibly competitive effects in the region.

Fourthly, despite the tensions in the trade relations between the Caribbean region and China, there are significant caveats to be borne in mind as it relates to opportunities derived from China's emergence in the international system. As already discussed, China's foreign direct investment in

various natural resource sectors in respective states in the Anglophone Caribbean region has promised to revitalise industries in those states. In 2016, Chinese state owned enterprise, JISCO entered into an agreement for US\$299m to buy struggling bauxite company, Alpart Alumina, in Jamaica.²³⁰ Thus, setting the stage for increased competitiveness in the sector.

Further, as examined in Chapter 4, China has played a significant and leading role in infrastructure investments in the Caribbean. The positive aspect of infrastructure investments by China into the Caribbean is that it does create potential for growth. The modernisation of infrastructure within respective Caribbean states can have a direct impact on economic development. For instance, Trinidadian government officials expressed the hope that the signature port project undertaken with China's financial assistance would enable Trinidad to fill the gap in international shipping logistics to further economic development goals.²³¹ Thus creating the potential for expanded economic activity in Trinidad. Infrastructure investments in Bahamas also promised to contribute positively to the economy. In the case of Baha Mar Resort in the Bahamas financed from a US\$ 2.4 billion loan from the China Exim Bank,²³² the resort was set to provide about 5,000 full-time jobs according to estimates. Thus the hope was that it would have a positive effect on the Bahamas unemployment rate, which stood at 14.3 percent in 2014.²³³

Moreover, consideration should also be given to the fact that although relations between the Caribbean region and China are longstanding, the deepened economic ties with China are fairly recent. The magnitude and scope of the economic engagement only increased starting around 2005, when China increasingly consolidated its economic presence in the Caribbean region. Thus, China is a relatively new comer in terms of trade within the Caribbean. China is still attempting to further its relationship with the region, unlike traditional western actors that have been part of the economic development of the Caribbean for several decades. Thus far, within a relatively short period of time (2005-2015), China has substantially increased investments in the region. As discussed in Chapter 3, China has expended hundreds of millions in infrastructure investments for the period under survey in the thesis. It has also committed millions to natural resource sectors in Guyana, Trinidad and Jamaica, as already discussed. Therefore overall, China has injected much

²³⁰ <http://www.caribbean-council.org/chinese-investment-jamaica-region-growing/>

²³¹ <http://www.dredgingtoday.com/2014/03/25/chec-wins-two-projects-in-trinidad-and-tobago/>

²³² <https://www.bloomberg.com/news/articles/2015-05-01/china-s-caribbean-plans-muddled-by-delays-in-3-5-billion-resort>

²³³ Ibid

needed capital within the Caribbean region for economic development. One might assert that should the growth trajectory in China continue, there can be an opportunity for the Caribbean region's trading relationship to diversify with China being considered an important market, for trade whether in services or goods.

Table 5.9: Case Summary of Caribbean States Trade Relationship with China

Caribbean States Trade with China	Issues and Debates	Summary Finding
Aims in Caribbean States in Trade with China	<p>Expand trade to new markets</p> <p>Access Chinese FDI in resource and services sectors</p>	<p>The Anglophone Caribbean and China have promoted trade relations as a new and alternative market for access to competitive manufactures on the world market. Caribbean states have also aimed to increase Chinese access to Chinese FDI in resource sectors to build trade synergies. This pattern of encouraging Chinese FDI in resource sectors is seen in the three natural resource states of the Anglophone Caribbean; Jamaica, Guyana and Trinidad. These findings appear to further reinforce Chinese commercial motives in the Caribbean region, notwithstanding the knowledge gap on China's aims in the Caribbean.</p>
Nature and Scope of Caribbean States Trade With China	<p>The main trends in the trade relationship between Caribbean and China</p>	<p>Findings indicate highly asymmetrical trade relations between the Caribbean and China for 2005-2015 for Anglophone Caribbean states based on UN Comtrade data. This corroborates with findings on China's trade relations with Latin America.</p> <p>A major caveat notwithstanding the negative trade balance, is that Caribbean states with resources do have the potential to derive benefits from the trade relationship. Hence, Trinidad, Guyana and Jamaica, have increasingly reached out to China both as a market and a means of investments in resource sectors to invest in their resource sectors which can auger well for expanding the trade given China's resource drive.</p> <p>Further, despite the highly imbalanced trade relationship between the Caribbean and China expanding access to China's market in other economic areas where the Caribbean region has competitive advantage in services sectors like tourism offers a possibility for offsetting the trade imbalance</p>
Impact of Caribbean States Trade with China	<p>Debate on whether Caribbean states trade with China is giving rise to new patterns of dependency whereby trade is largely based on commodities and primary products coupled with higher valued manufactured imports from China</p> <p>Debate on China as competitive threat to manufacturing in Latin America Caribbean region</p>	<p>New dependency patterns emerge</p> <p>The trade patterns suggest a new dependency pattern in the Caribbean and China trade dynamic is emerging and that mirrors similar findings for Latin America in the broader literature. The UN Comtrade WITS data for the period 2005-2015 suggests that the Caribbean has become a site for commodity and primary products exports for China while at the same time importing higher valued manufactures from China. The trade between Jamaica and China is concentrated in mineral products for Guyana, it is highly concentrated in forestry products</p> <p>The findings indicate that while Caribbean states trade with China are based on primary exports, manufactured imports from China has risen significantly across the Anglophone Caribbean. Such outcomes suggest that the Caribbean and China trade dynamic is not significantly differentiated from the region's previous trade relations with other economic powers.</p> <p>China competitive threat to Caribbean?</p> <p>The findings based on WITS: UN Comtrade data for 2000-2015, suggests that China as competitive threat to the Caribbean is not a clear-cut issue based on lack of evidence of similar export product structures and FDI diversion from the region. While initial evidence does suggest some FDI diversion in manufacturing in the garments industry in the 1990's in select Anglophone Caribbean states coincided with rise of manufactures in garments in China in the initial period, this offers limited scope to suggest that China's rise impacted negatively on the Anglophone Caribbean. The findings suggest that rather than being a competitive threat, China presented an opportunity for the Caribbean to benefit from cheaper manufactures on the world market, thus creating micro benefits to consumers.</p> <p>The limited competitive threat seen with regards to China in the Caribbean does not corroborate with findings in relation to Latin America. The latter's trade with China does suggest that China's rise in manufactured products have adversely impacted on Latin America's manufacturing sector. Latin America and China have had various trade conflicts based on dumping of manufactures on Latin America Caribbean markets. Such practices have been alleged to adversely affect local producers. Within the Latin American context, this can be seen to create broader concerns pertaining to a loss of opportunity to further industrialise based on exports of higher valued manufactures. Should trade imbalances continue, the issue of China as a competitive threat may likely be concern for the region.</p>

5. Conclusion

The chapter focused on illuminating the various interaction processes through which Caribbean states sought to consolidate trade ties with China. It also shed light on the Caribbean region's

broader role in China's going out strategy to the developing world. The Latin America Caribbean region was found to be an area of significant market opportunities for Chinese enterprises, thus leading to China's significant foreign policy outreach to the region.

The chapter also addressed the significant empirical gap in Anglophone Caribbean states trade relationship with China within the broader Sino-LAC literature. While previous studies have not investigated the Caribbean's economic relationship with China in any substantial detail, this chapter sought to situate developing states of the Caribbean region within those broader debates pertaining to China's rise in Latin America. Thus it sought to move past the more China-facing analysis evident in much of the literature by highlighting Caribbean states agency, interests and constraints in the commercial interactions.

For Caribbean states acting within a global economic structure, China's emergence presented significant opportunities for the pursuit of mutual economic interests. However, there have been concerns relating to the impact of China on developing states in the Caribbean and Latin America. This has led to debates pertaining to new dependency patterns emerging in the region's economic relationship with China. There have also been concerns relating to the extent to which China may be considered a competitive threat to Latin America and the Caribbean either through FDI diversion away from the area or through direct competition in similar product structures. In light of the highly asymmetrical trade relationship between Caribbean states and China, dependency patterns were very much evident. The region was primarily a site for primary products exports but more so, an area of consumption for manufactured goods from the Chinese market. Notions of competitive threat while debatable, could not be conclusively ruled out as a possible impact of the commercial ties on the broader Caribbean and Latin American region. However, these broader concerns have also been tempered by China's favourable commercial role in the region especially in relation to promoting the region's interests in areas such as financing whilst also increasing its FDI in the trade and services sectors within the region

Chapter 6: Caribbean States Domestic Economic engagement with China: implications for US role in lending and trade in the Caribbean

Introduction

The previous case studies focused on how and why economic processes have been a central determining factor in Caribbean states foreign policy decision-making regarding China in the Post-Cold War context of engagement. This chapter goes a step further, and examines the implications of those unit level interactions for the US role inside the region. The chapter implicitly addresses how Caribbean states decision-making has influenced not only China's expanding role in the region, but also how such states interactions with emerging economic powers, do carry implications for other traditional actors within those states. Thereby, highlighting how developing states agency, vulnerabilities and constraints invariably shape patterns of economic relations at the domestic level in relation to external actors.

In evaluating the implications of Caribbean states economic engagement with China in relation to the US, the question is asked; have Caribbean states rising domestic economic engagement with China resulted in an increase in China's economic influence in the Caribbean relative to that of the United States? The question of whether China's growing influence in the region rivals that of the US within the economic realm is an important question to consider. Doing so not only illustrates the extent of Chinese economic influence in the Caribbean region vis-à-vis traditional actors like the US, but also enables one to place within an empirically informed perspective, China's evolving economic ties with the region. Moreover, given the strategic significance of the region in relation to the US as seen in chapter 1, there is need to consider and examine the broader implications of China's emergence in the region as opposed to traditional powers. While it is beyond the scope of the thesis to engage extensively with the EU role in the Caribbean vis-à-vis China's rising role, it does provide implication for further research in terms of whether the rise of China in the Caribbean has impacted on the EU as a traditional actor and if so, why.

The chapter argues that while the Caribbean's increased economic relationship with China has provided significant maneuvering space for trade and financing within the region, China's economic ascendance has not resulted in a tandem decline in US economic dominance in the Caribbean region.

While China's economic influence does not necessarily displace the fundamental US role, China has to a certain extent challenged the notion that the US and the EU are the dominant economic actors in the international system and within developing states. Consequently, China has played a growing role in Caribbean states economies in the period 2005-2015 and its influence in financing and trade has risen exponentially in the Latin America Caribbean region, albeit within a highly asymmetrical context in terms of the latter.

Overall, China has succeeded in impacting development aid in the Caribbean region but China's rise in the region has not altered the economic landscape in the region when it comes to the dominance of the US. While the scale and intensity of Chinese economic activity in the Caribbean region have grown significantly, its rise within the region is differentiated among states. This contrasts with the traditional US influence whereby the latter plays a leading role across states in the hemisphere. China is also contributing in areas that are not necessarily a priority for traditional actors like the US. Such considerations do not necessarily undermine generalisations pertaining to China's rising economic influence in the Caribbean region, but it does point to the need for a level of caution pertaining to overstated claims of US decline in the hemisphere amidst China's rise.

Thus, while China's economic ascent and US purported decline in the region have attracted some attention in the literature, there is need to retain considerable perspective with respect to the contentions made. At times, assertions are made with limited empirical data to substantiate them. Kassab (2015:23) declares that the rise of actors such as China is a benchmark of US decline in Latin America. However, insufficient empirical data is provided to support such contentions. Likewise, Fornés and Butt Phillip (2012: 1) suggest, "China has become a powerful contestant to the United States (in Latin America) and is set to replace the EU as the largest foreign investor in the region in the next few years." However, these assertions are not necessarily fully interrogated in qualitative and quantitative terms. Others such as Francisco De Santibañes (2009: 24) favours similar rhetoric and argues, "Since the end of the Cold War the US has lost much of its influence over Latin America." However there appears limited efforts to examine such arguments within an empirical framework.

In instances where evidence is brought forth to support claims of US decline in the region, the focus is on states whose economic relations with China in the region does not necessarily follow

the norm or indicate general patterns of trade for the Latin America Caribbean region. As already noted, there is a paucity of empirical data to support respective claims of US decline. There is also inadequate comparative analysis of general trade or financing patterns in the region in relation to both China and the US.

Other critical areas are also left out in the debates on purported US decline in the region. For instance, the overwhelming role of the US and EU in FDI in Latin America and the Caribbean, more so than non-traditional actors, have not necessarily been given adequate consideration. A 2017 study by ECLAC on FDI flows to the region shows that the US leads in investments to the area. The second leading player is the EU, including the UK and Spain.²³⁴

This chapter does not simply fill an empirical gap by engaging in a comparative analysis of Caribbean states domestic economic engagement with China vis-à-vis the US, although this is an important contribution in itself. It also provides extensive and compelling evidence which indicates that debates regarding China's rise versus US decline in the Caribbean and Latin America region requires more robust qualitative and empirical analysis.

The chapter proceeds in two main sections. In section 1, the chapter assesses the extent to which Caribbean states increased turn to China for lending for infrastructure investments has eclipsed US influence in lending in the Anglophone Caribbean. It does so by utilising economic data from official Caribbean government reports. In section 2, the chapter analyses the extent to which Caribbean states increased trade ties with China has affected the US role in trade within the Caribbean region. The discussion draws from trade patterns based on UN Comtrade data for 2000-2015.

The findings suggest that China's economic influence in lending and trade is operating within already established cleavages of western economic dominance in the region. As a new donor to the developing world, China has made significant strides in lending not only in the Anglophone Caribbean but also the broader Latin American region. But when evaluating the dynamic, between LAC states and China, entrenched western economic dominance, cannot be readily discounted in

²³⁴ Foreign Direct Investment in Latin America and the Caribbean ECLAC 2017 report, p.13.
https://repositorio.cepal.org/bitstream/handle/11362/42024/4/S1700815_en.pdf

the unfolding commercial ties. This problematises claims that the region's engagement with China has impacted negatively on US influence in the region.

Section 1

2. Caribbean States lending from China and implications for the US role

In seeking to evaluate the implications of the Caribbean region's rising domestic engagement with China for the US role within Caribbean states, this section examines the lending dimension of the interaction. The question addressed in this section is as follows; have Caribbean states lending from China resulted in an increase in China's economic influence in the Caribbean relative to that of the United States? It is argued that China is playing a major role in lending in the Anglophone Caribbean vis-à-vis traditional economic actors while not displacing the dominant role of the US in Caribbean states.

There have been various factors at play which support the view that China's increased role in the Caribbean has not eclipsed that of traditional economic actors such as the United States. One factor which has been considered is that Caribbean states increased lending from China takes place within a global economic order still dominated by United States and other western interests, notwithstanding the increasing role of China. Coupled with that, the Caribbean region's geographical location in terms of its proximity to the US, has further enhanced the role of the US in the economy of Caribbean states. This has led to the design and implementation of deliberate policies that facilitates the presence of the US in financing in the Caribbean and Latin America. Therefore, respective regional financial institutions such as the IADB plays an integral role in developing states of the Americas together with global financial institutions like the World Bank led by the US.

Two, China has played an increasing role in economic areas that have not necessarily been considered a priority for significant economic actors within the English-speaking Caribbean such as the Inter-American Development Bank. Thus, China has invested largely in infrastructure financing in the Anglophone Caribbean, an area that is not necessarily a leading concern for financing within institutions linked to or led by the US.

Three, China's lending in the Caribbean region has been differentiated across various Caribbean states. Thus, while Chinese financing is playing an increasing role in Jamaica, the same may not be said for Barbados, based on an analysis of official government sources. These are Jamaica Government Information Service (2005-2015) and Barbados annual budget reports (2009-2016).

Four, China's lending practices have been linked to economic conditionalities pertaining to the use of its state-owned enterprises and its own labour. These have led to various criticisms in the engagement when compared to development assistance from traditional actors like the US. These factors all indicate that while China's economic influence has risen in the Caribbean at an unprecedented rate, China has not displaced the fundamental role of the US in Caribbean states economies.

However, it is fair to say that China's economic influence in the English-speaking Caribbean has certainly increased tremendously in the period under review in the thesis. For instance, after consolidating diplomatic relations with Dominica in 2005, by 2010, it became a leading lender to Dominica. According to an IMF Debt Sustainability Report on Dominica on April 27th, 2010, concessional lending for various economic projects represented most of the external debt of Dominica, with the chief sources of finance being China. Other key actors were Venezuela and the Caribbean Development Bank.²³⁵ For 2014, China was the leading source of grants for Grenada according to the Grenada government's budget report. Venezuela was the second leading source of grants (Petro-Caribe funds). The grant funds provided to Grenada were as follows; China (E.C\$47.1 million), Petro-Caribe (E.C \$23.3 million).²³⁶

To place China's fairly immense role in further perspective, studies point to China's tremendous role in the broader Latin American region, beyond the Caribbean. According to Gallagher *et al* (2012:27), with respect to Latin America, "by 2010, China's loan commitments of \$37 billion were more than those of the World Bank, Inter-American Development Bank, and United States Export-Import Bank combined." However, while China's role in concessional lending for infrastructure investments in the Caribbean region has been quite significant, there are several caveats to this engagement to be borne in mind as indicated earlier. These in turn undermine potential

²³⁵ <https://www.imf.org/external/pubs/ft/dsa/pdf/dsacr10261.pdf>

²³⁶ Grenada Government Budget, 2015

generalisations that China's economic influence has increased in the Caribbean vis-à-vis traditional economic actors like the United States.

2.1 US pre-eminence in lending institutions in Caribbean states compared to China

Firstly, coupled with its geostrategic location in the American sphere of influence which readily facilitates linkages to the US economy, the Caribbean's concessional lending takes place within a global economic order still largely defined by western states. The key multilateral institutions which engage in lending in the Caribbean region are largely institutions which are strongly associated with promoting western interests. The key lenders in the Caribbean are the Inter-American Development Bank (IADB), Caribbean Development Bank (CDB) and World Bank.²³⁷

The majority of shares in the IADB is held by the United States. The United States maintained at least 30% of the votes in the IADB in 2016. Given the significance of the US as a major economic actor within the region, the IADB was designed to play an instrumental role in the development of the Caribbean and Latin America. This translates to direct and indirect influence in Caribbean states economies, thereby making the US a significant economic actor within the Anglophone Caribbean region. The IADB provides loans, grants and technical assistance across the region. China's membership in the IADB came to fruition in January 2009, after 15 years of efforts to become a member. Upon its 2009 membership, China contributed US \$340 million to IADB programmes in the region.²³⁸ Although China is among the members with the lowest number of shares in the IADB (0.004%),²³⁹ it substantially increased its contributions to the financial institution in 2013 and provided US\$2 billion to the IADB. The contribution was the first of its kind between China and a multilateral development bank. The funds were provided under the "Latin America Caribbean Co-Financing Fund". The aim of the financing was to support private and public infrastructure projects in the region.²⁴⁰

The IADB has continued to play a major role in lending in the Caribbean. The IADB has provided billions in funding on an annual basis to the Latin America Caribbean region. In 2005, the IADB reported that its lending to Latin America and the Caribbean had reached US \$ 7 billion.²⁴¹ In that

²³⁷ IMF Report, Caribbean Small States Challenges of High Debt and Low Growth, February 20th, 2013, p.15

²³⁸ <http://www.iadb.org/en/news/news-releases/2009-01-12/china-joins-idb-in-ceremony-at-bank-headquarters,5095.html>

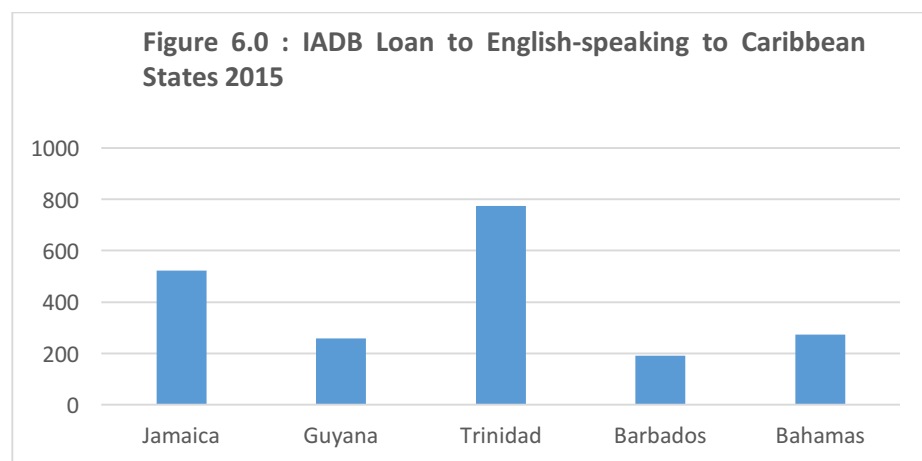
²³⁹ <http://www.iadb.org/en/about-us/capital-stock-and-voting-power,3166.html>

²⁴⁰ <http://www.iadb.org/en/news/news-releases/2013-03-16/china-co-financing-fund,10375.html>

²⁴¹ <https://www.iadb.org/en/news/idb-enters-new-year-new-administration-and-new-more-flexible-lending-framework>

same year (2005), China had just started making a turn to the Caribbean region and had yet to sufficiently increase its role in financing in the region. By 2006, still within the context of lessened Chinese economic activity in the Caribbean region, the IADB approved US \$6.4 billion in loans.²⁴² Moreover, according to the IADB, its funding across the Caribbean and Latin American region for 2015 amounted to US\$11.3 billion with US\$10.4 billion in disbursements to the region.²⁴³ In the previous year, in 2014, the IADB reported that it approved loans of more than US\$13 billion to the broader LAC region, making it among the region's leading financiers.²⁴⁴

More specifically, in terms of overall lending from the IADB to the Caribbean, as shown in figure 6.0, in 2015 Trinidad received the majority of IADB loans (US\$772.5 million). Jamaica received the second largest share of IADB funding - US\$523 million. Guyana received US \$ 259 million. Caribbean states such as Bahamas and Barbados received US\$273 and US\$192 million respectively. Across the five Anglophone Caribbean states over US\$ 1. 5 billion in loans was provided by the IADB in 2015 for various projects.



Source: adapted from IADB

When one focuses on financing in the Anglophone Caribbean, the role of Canada which further facilitates North American interests, is crucial to understanding how deeply entrenched traditional actors are within the space. In terms of the CDB, Canada holds the majority of shares within the institution. The CDB was founded by Canada to enable the latter to play a significant role in finance in the Anglophone Caribbean region.

²⁴² <https://www.iadb.org/en/news/background-papers/2007-02-27/the-idb-in-brief%2C3614.html>

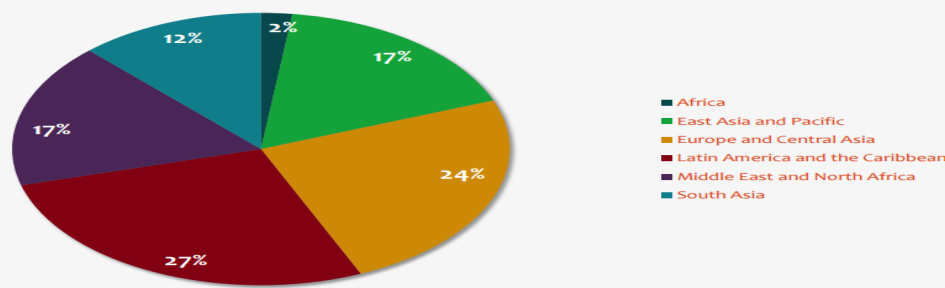
²⁴³ <http://www.iadb.org/en/news/news-releases/2016-01-20/loans-and-guarantees-totaling-us113-billion-in-2015,11391.html>

²⁴⁴ <https://www.iadb.org/en/news/news-releases/2015-01-05/latin-america-and-the-caribbeans-economic-growth%2C11051.html>

China became a contributing member to the CDB in 1998 and was the second largest shareholder within the institution in 2015.²⁴⁵ Canada held 9.41 percent shares and the People's Republic of China held 5.64 percent of the CDB's total shares in 2015.²⁴⁶ According to Alexandroff and Cooper (2015:94) China began playing an increased role in the CDB in 2005. In that year, the value of China's stake in the institution rose to US\$ 56 million. More recently, China contributed US \$7 million to the eighth replenishment of the Unified Special Development Fund in the CDB. This fund allows for low-interest loans and grants to be given to the poorest member states of the Caribbean.²⁴⁷ China has managed to gain increasing economic influence in the Caribbean region alongside traditional actors by enhancing its role in major financial organisations within the region. However, this substantial rise in China's input in financial institutions within the Caribbean region does not equate to an eclipse of the fundamental US role in the region.

Moreover, the World Bank has played a significant role in the Caribbean. As at 2016, the World Bank (International Bank for Reconstruction arm) provided the majority of its lending to the Caribbean and Latin America. This suggested that for the period considered, even in the midst of China's rise in the region, the World Bank led by the US, continued to be a leading actor in the region. As shown in the global distribution of its lending in figure 6.1 below, as much as 27% of its funding went to the Caribbean and Latin America. Although China has been a leading financial contributor in the World Bank,²⁴⁸ the institution is still dominated by the US which has traditionally carried the most voting power in the institution. This then provides the US with an avenue to shape the areas of priority of the institution. This can impact member states like those of the Caribbean where the World Bank plays an integral role.

Figure 6.1: World Bank Lending by Region (IBRD) for 2016



Source: World Bank Lending Annual Report, 2016

²⁴⁵ <https://www.caribank.org/>

²⁴⁶ <http://www.caribank.org/about-cdb/member-countries/nonregional-members/china>

²⁴⁷ <http://www.caribank.org/about-cdb/member-countries/nonregional-members/china>

²⁴⁸ <https://finances.worldbank.org/Shareholder-Equity/Top-8-countries-voting-power/udm3-vzz9>

As illustrated in table 6.0, by December 2016, the World Bank disbursed US\$153 million in loans to Barbados and US\$43million went to the Bahamas. US \$ 334 million was disbursed to Trinidad among other English speaking Caribbean states.²⁴⁹ This shows the significance of traditional actors in Caribbean states lending. In comparison, China provided billions in loans to respective Caribbean states to finance infrastructure investments. For instance, by 2012, US\$ 4 billion had been invested in Jamaica and the Bahamas by China, according to Chinese sources.²⁵⁰

However, it is difficult to ascertain actual flows even in light of such estimates just quoted above. The practices and norms under which China undertakes its overall financing, may not necessarily be equated to western actors (see Brautigam,2010). This further encourages more nuanced assessments of China’s financing in the region while even leaving open the possibility of perhaps under-estimating China’s overall financing within the Caribbean region. Thus, although China has played a substantial role in the region, the IADB, World Bank and other western- led financial institutions have also continued to play a significant and concurrent role in lending in the Caribbean. Thus indicating that the US is still playing a major role in lending in the region alongside China despite the latter’s increased input in financing.

Table 6.0: Concessional Lending by World Bank to Selected Caribbean States by 2016

Country	Loan Amount
Bahamas	42,800,000.00
Barbados	153,350,000.00
Trinidad	333,600,000.00
Guyana	79,950,000.00
Jamaica	2,645,100,000.00

Source: World Bank; Country Lending Summaries; <http://web.worldbank.org>

2.2 Caribbean States lending from China in areas not prioritised in lending by traditional actors

The second factor that illustrates that China has been playing a leading role in lending in the Caribbean alongside the United States is that it’s lending has been geared towards areas that have not necessarily been considered a priority for traditional lenders within the Caribbean region. As pointed out by Brautigam (2011:753), Chinese development assistance allows developing states to invest in infrastructure – an area that has been relatively neglected by other traditional economic actors and financial institutions. The majority of China’s lending to the region has been in

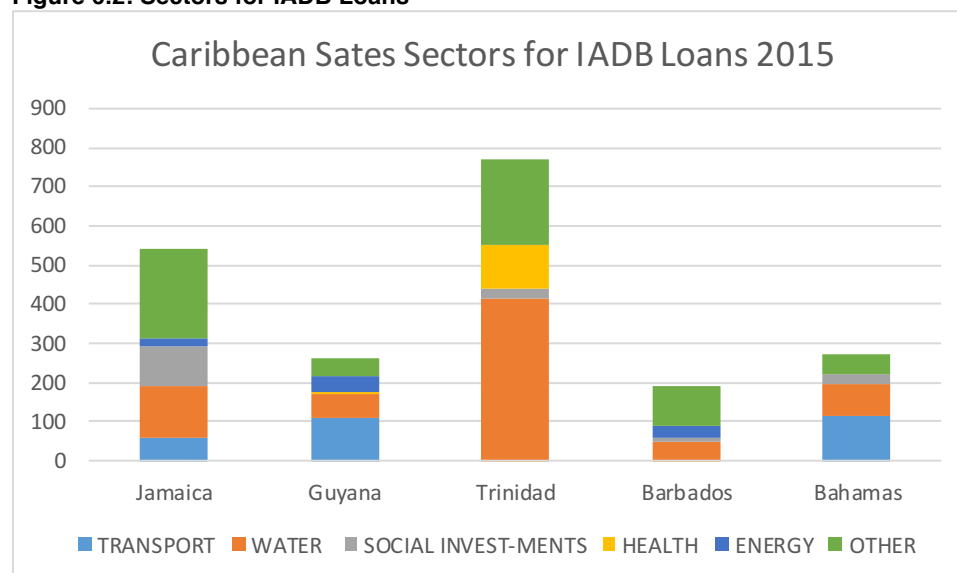
²⁴⁹ <http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/>

²⁵⁰ <https://www.scmp.com/business/china-business/article/1533598/china-spends-billions-fund-caribbean-ambition>

infrastructure financing as seen in chapter 4. This contrasts with traditional actors like the World Bank where only 34% of loans go to similar sectors (Kwak 2013:46). In relation to its funding, the IADB notes, “We give priority for projects that promote regional and international integration and trade, the sustainable use of natural resources and greater social inclusion.”²⁵¹ Thus lending from the IADB has been geared towards deepening engagement in differing areas of priority in Caribbean states economies when compared to China’s lending in the Caribbean.

As illustrated in the figure 6.2 below, in 2015, the majority of IADB loans in five (5) Anglophone Caribbean states went to the water sanitation sector. These are namely; Jamaica, Trinidad, Guyana, Bahamas and Barbados. Very few loans were given to the health sector across Caribbean states, although investments in health infrastructure has been regarded as a priority for the Caribbean in economic cooperation with China as detailed in chapter 4. By 2015, two Caribbean states had obtained loans from IADB in the health sector. Guyana received US \$5 million and Trinidad received US\$111.5 million in loans from the IADB for health projects. This is in contrast to China which loaned more than US\$ 3 billion to three Anglophone Caribbean states; Jamaica, Trinidad and Dominica. These loans were geared towards selected health projects for a five year period, between 2011-2016 as seen in chapter 4. This indicates that China’s loans have been very much targeted at sectors that have not been sufficiently addressed by key lending institutions such as the IADB or World Bank in the Caribbean.

Figure 6.2: Sectors for IADB Loans



Source adapted from IADB

²⁵¹<http://www.iadb.org>

Furthermore, while China has been playing an increased role in infrastructure investments in the Caribbean region more so than traditional economic actors, it cannot be conclusively said that western economic interests in infrastructure investments are entirely absent in the region. Between 2015-2016, loans were increasingly being made available to infrastructure sectors across Caribbean states, although infrastructure investments have been largely driven by lending from China.

In five Caribbean states, namely; Guyana, Jamaica, Bahamas, Trinidad and Barbados, in 2015, one might surmise that infrastructure loans for transportation became an increasing part of the IADB's loan portfolio in the region. On November 18, 2016, Barbados received US\$25 million in loans from the IADB for rehabilitation and improvement of main roads. In 2016, Bahamas received US \$500,000 US. In 2016, Guyana received US\$ 68. 2 million in lending from the IADB. The projects were for road network upgrade and expansion.²⁵² In January 2017, US \$35 million was provided to the Bahamas for airport infrastructure.²⁵³ This is an area that has already benefited from financial investments from China and have resulted in China's management control of the Bahamian facility as discussed in chapter 4. In terms of maritime infrastructure in Jamaica for instance, western economic actors have played an active role alongside China in investments in that sector. On June 29th, 2016, the IADB approved a loan of US\$ 452 million for Kingston Cargo terminal. The World Bank committed US\$80 million through its Multilateral Investment Guarantee in risk-mitigation guarantees to support development phases of the Kingston Container Terminal.²⁵⁴

In the main, American influence, conferred by institutions such as the IADB or World Bank, cannot be said to be entirely absent from infrastructure investments across the Anglophone Caribbean region. Hence supporting the conclusion that while China's engagement has increased tremendously, it is still doing so alongside traditional economic actors like the United States.

2.3 Caribbean states lending from China differentiated unlike the US in the Caribbean

The third element which suggests that China's increased economic influence has not surpassed that of traditional economic actors such as the United States is that its economic engagement in Caribbean states differ to some degree. Thus undermining potential generalisations relating to its

²⁵² <http://www.iadb.org/en/projects/projects,1229.html>

²⁵³ <https://www.iadb.org/en/news/news-releases/2017-01-25/the-bahamas-to-improve-airport-infrastructure%2C11712.html>

²⁵⁴ <http://www.worldbank.org/en/news/speech/2015/09/03/unlocking-finance-for-growth-in-the-caribbean>

increased role in lending versus traditional economic actors such as the United States.

While China's lending to Jamaica has grown spectacularly in the period under survey, even this particular situation does not readily promote the view that China's role in lending has eclipsed that of traditional actors like the US and to some extent, the EU. In the case of Jamaica, China's lending has grown significantly alongside traditional actors. According to *Economic and Social Survey of Jamaica (ESSJ)*, by 2015, US\$ 777.4 million had been committed by China to Jamaica's infrastructure sector. This figure surpassed that of any other single actor in Jamaica, including the Inter-American Development Bank, World Bank, the EU and the US. Loans by the IADB amounted to US\$591.9 million across 15 projects. The World Bank's total loan financing was about half the amount committed by China (US\$308.5 million). The loans were provided for nine projects. The European Union provided mainly grant aid to the tune of €242 million. The funds assisted 16 projects in Jamaica. The United States, through the United States Agency for International Development (USAID), its chief development agency by 2015, had provided US\$125 million.²⁵⁵

Although China has made a significant contribution Jamaica, much of Jamaica's funding from China period 2005-2015 has been concessional loans as illustrated in table 6.1. Therefore, while Jamaica's economic engagement with China has been promoting important infrastructure investments, Jamaica's level of indebtedness to China has grown significantly. In the case of Jamaica, it incurs debt in a similar manner to IADB and World Bank loans and some would argue at even higher costs, given the significant engagement of China's state-owned enterprises and Chinese labour in the infrastructure sector. In 2015, Jamaica's Minister for Finance, Dr Peter Phillips, indicated that the country's debt stood at \$53.9 billion (Jamaican dollars) with almost half owed to China (\$24.7 billion).²⁵⁶ In 2015, Jamaica's Economic and Social Survey (ESSJ) estimated that development assistance from China amounted to US\$880 million, more than 90% of which were loans.²⁵⁷

Moreover, the role of the EU in financing in Jamaica, is very much differentiated from China's. Thus prohibiting blanket generalisations regarding China's economic influence in financing as

²⁵⁵ Economic and Social Survey of Jamaica, 2015, Jamaica Planning Institute

²⁵⁶ <http://jamaica-gleaner.com/article/lead-stories/20150603/china-owns-almost-half-jamaicas-debt-foreign-governments>

²⁵⁷ Economic and Social Survey of Jamaica, 2015, Jamaica Planning Institute

opposed to traditional actors. The EU for its part, made a concerted contribution to grants in the case of Jamaica. As already noted, the EU provided 242 million euros to Jamaica by 2015, the majority of which was grant funding. In looking at China's financial input in Jamaica, it is difficult to ascertain the grant component of the funds being disbursed by China. The problem is compounded by China's preferred practices in development assistance. China does not always share information on the specific nature of its disbursements to various developing countries. Figures based on data from Jamaica's Government Information Service for the period 2005-2015 (see table 6.1), shows that grant funding especially in relation to national security initiatives have been part of China's development aid to Jamaica. But these have been a very small component of China's overall funding in Jamaica. Although China's economic role is significant in Jamaica, traditional economic actors have still played an important role. Thus, undermining conclusions that China's increasing economic influence is much more so than that of traditional actors like the US or EU in this instance.

Table 6.1 Showing an Estimate of Selected Funds to Jamaica by China: 2005-2015

YEAR	CHINA STATE ACTOR	FUNDS US\$ Millions	ECONOMIC ACTIVITY
2005	China Exim Bank	US\$ 12.5 m	Projects Investments
2006	China Exim Bank	US\$30 m	Cricket World Cup/ Trelawney Stadium
	China Exim Bank	US\$30.1 m	Port Authority, Kingston Terminal
2007	China Development Bank	US \$1.1 m	Projects of choice
	China Exim Bank	US\$45.2m	Montego Bay Exhibition Center
	China Exim Bank	US\$71.2m	Jamaica Economic Housing Project
2008	China Ministry Defence	US \$ 0.261m	JDF Equipment uniforms
2009	China Development Bank	US \$10 m	Financing Jamaica Development Bank
	China Exim Bank	US\$100 m	Jamaica Development Bank; Trade Financing
	China National Bank	US\$7.3 m	Mutually agreed projects
2010	China Exim Bank	US\$421.5 m	Jamaica Development Infrastructure Programme
	China Exim Bank	US\$56 m	Palisadoes Shoreline Protection Rehabilitation
2011	China Exim Bank	US\$ 7.99 m	Grants
	People's Liberation Army	US 1.1 m	Grant: Ministry of National Security
2012	China Ministry Foreign Affairs	US\$1.1m	Grant: Equipment JDF
2013	China Development Bank	US\$16m	Grant and Loan funding for mutually agreed projects
2014	China Co Financing Fund for Latin America Caribbean	US\$11m	Jamaica's Public Sector Efficiency Fund Programme
2015	China Development Bank	US\$170m	Chinese Company Loan (Jiuquan Iron and Steel Co.) acquisition of shares Jamaica Alumina Co. (ALPART)

Source: compiled by author from Jamaica Government Information Service

As already noted, China's economic influence differs across the Caribbean. Notwithstanding the increased influence of China in Anglophone Caribbean states such as Jamaica, the centrality of the US led financial institutions such as the IADB and World Bank in project financing in Caribbean states such as Barbados is clearly demonstrated in accordance with government budget reports for the period 2009-2016. As early as 2012, the IADB noted that it accounted for 69% of Barbados debt to international financial institutions.²⁵⁸ In line with an analysis of Barbados's annual budget report for the period 2009-2016, the IADB remained the leading lender to Barbados (see figure 6.3). In addition to the IADB, the World Bank, the Caribbean Development Bank, and the European Union were all important sources of lending for Barbados up to 2016 (see table 6.2).

Table 6.2: Showing Barbados Main Sources of Foreign Finance for Projects 2009-2016

MAIN LENDERS	MAIN FOREIGN STATE CONTRIBUTOR
Inter-American Development Bank	United States
World Bank	United State
European Development Fund	EU Member States
Caribbean Development Bank (CDB)	Canada
People's Republic of China	People's Republic of China

Source: author compilation from Barbados government annual budget reports; 2010-2016

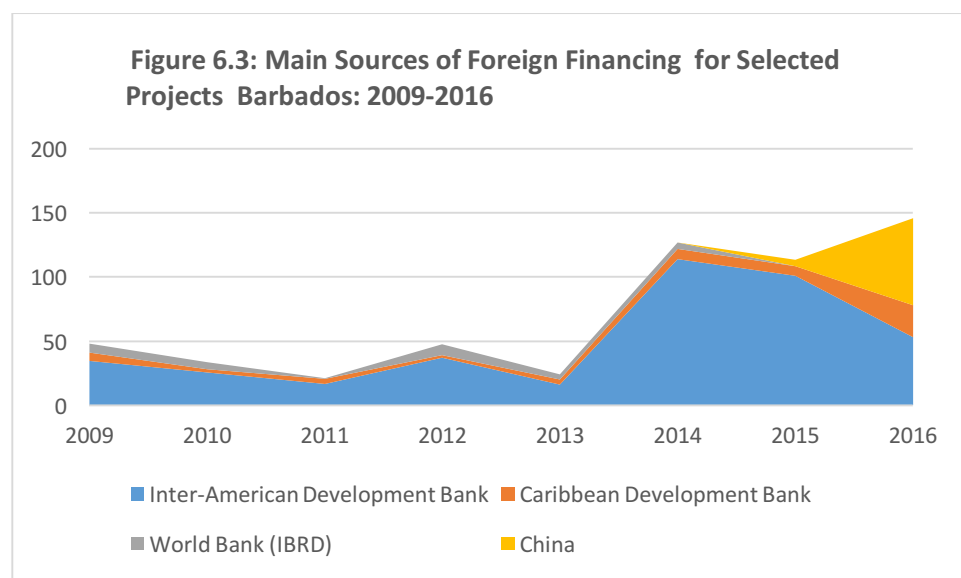
The IADB was among the single biggest contributor to foreign finance in terms of selected projects in Barbados on an annual basis from 2009-2016, in accordance with Barbados annual budget reports for that period (see figure 6.3). In terms of selected projects, in 2009, it was anticipated that over BDs\$34 million would have been contributed for that financial year. Between 2014 and 2015, the IADB was slated to contribute over BDS \$ 200 million in financing to Barbados. This was in contrast to China whose contributions were projected to be negligible from 2009-2014. The primacy of western backed finance in the case of Barbados was very much apparent, despite the increase of China's role in the English-speaking Caribbean region.

However, as shown in figure 6.3, by 2015, China had moved from a position of not being a net contributor to financing in Barbados to becoming one. Therefore, for the financial year 2015, funds amounting \$ BDs 5,000,000 were committed to Barbados from China. But the amount was still insignificant compared to the IADB. In that same financial year, the IADB aimed to contribute

²⁵⁸ Country Program Evaluation-Barbados 2010-2013, Inter-American Development Bank, March 2014, p. 14

over \$ BDs 100 million. But by the financial year 2016, for selected projects, China's contribution was slated to be over 16 million more than that of the IADB to Barbados. The IADB contribution was slated at \$ BDs 52,618,041 while it was anticipated that China's contribution would be \$BDs 68, 000, 000. This indicates that China has been playing an increased role as a growing source of financing for Barbados. However, this may not necessarily be indicative of a trend, as various actors play a more dominant role in foreign financing in any given year. Thus, financial institutions whose main contributors are western states have still been central to lending in the Caribbean region, notwithstanding China's increased input.

Moreover, China's economic engagement differs among states with which it has diplomatic relations and those that recognise Taiwan. Thus further undermining potential claims that it plays a leading role in lending compared to actors such the United States. In an interview with the Deputy Permanent Secretary of Saint Lucia's Ministry of Finance, Ms. J. Barnard, on December 12th, 2016, it was acknowledged that the major sources of lending for Saint Lucia was not China, even when considering the period (1997-2006) during which the island shared diplomatic relations with China. Rather, EU funds and World Bank funding have been the major source of foreign assistance within this English-speaking Caribbean country. Likewise, for Caribbean states such as St. Kitts with ties to Taiwan, China does not figure prominently in its lending. Thus further undermining claims of traditional actors decline in financing amidst China's rise.



Source: compiled by author, Barbados Government Budget Reports

2.4 Caribbean states and conditionalities in lending from China and the US

The fourth factor that may impact on China's growing economic influence in Caribbean states is the specific nature of its concessional lending when compared to traditional economic actors like the United States. While China has promoted much of its lending as having "no strings attached," the reality is that China's lending is very much tied to economic concessions. This may then influence preferences at the domestic level. It may be asserted that spillovers in terms of employment and skills transfer may be viewed as problematic given the predominant use of Chinese labour and contractors within Caribbean states economies. These issues will be examined more closely in chapter 7 given their significance in shaping responses to China's economic engagement at the ground level within Caribbean states.

A significant part of the Caribbean's domestic engagement with China has been the increased influence of China's state actors in the economy. All English-speaking Caribbean states which share diplomatic relations with China have seen an increase in China's state-owned enterprises engaging in various sectors of the economy. These form an integral part of China's concessional lending for infrastructure investments in the Caribbean. In Barbados for instance, the China National Complete Plant Import and Export Corporation Limited was awarded the contract for the Sam Lord Tourism Project based on a loan from the China Exim Bank in 2015 for the project. With respect to Trinidad, by 2014, China state-owned company, Shanghai Construction Group (SCG) Caribbean had completed 13 projects, including the National Academy for the Performing Arts, South terminal of Trinidad's Piarco International Airport among other projects.²⁵⁹

In critiquing China's *modus operandi* for development assistance, a Trinidad parliamentary representative at a meeting of Trinidad's Senate on December 8th, 2015, alluding to the China's engagement in the economy had this to say:

This is why IADB projects and projects financed by the multilateral agencies are so much better because when you get into these Government to Government contracts, you not only commit to foreign loans, but you also commit to foreign contractors. And what happens when you engage a foreign contractor? You have repatriation, because the foreigners are coming here, you are paying them but they are repatriating the funds. What about the local content? What about the local value added? What effect does it have on the local economy when you engage in a Government to Government arrangement with a foreign entity?²⁶⁰

These sentiments express to some extent, the broader concerns related to China's aid and technical assistance when compared to traditional economic actors within the Caribbean region. Chinese

²⁵⁹ <http://www.trinidadexpress.com/business-magazine/From-Shanghai-to-Trinidad-275387361.html>

²⁶⁰ Hansard document, Trinidad Parliamentary Office, Senate Meeting, December 8th, 2015

labour have also been a key part of the infrastructure investments in Caribbean states. The rise of such actors in Caribbean states economic engagement with China have not been without criticism. The thesis will return to labour issues in chapter 7, given its significance in unpacking the Caribbean and China domestic economic engagement.

Despite China being an integral actor in the pursuit of Caribbean states domestic economic interests, the pre-eminence of traditional actors such as the United States cannot be entirely discounted. Overall, at the very least, China has played an increasing role alongside the United States in concessional lending and broader development aid within the Anglophone Caribbean.

2.5. Continued EU significance in financing in the Caribbean

The EU's role in financing presents a bit of a conundrum if one were to compare it to China's rising role in lending in the Caribbean. This is so because the two actors are differentiated in terms of how they have pursued overall development assistance in the Caribbean region in relation to financing. While examining the EU role more fully in comparison to that of China's is beyond the scope of the thesis, the EU and China dynamic in relation to lending does merit further investigation. This subsection, at the very least, seeks to offer a preliminary assessment regarding whether China's influence in lending has impacted on the EU role in the Anglophone Caribbean.

On the surface, Caribbean states domestic economic engagement with China has meant that China has committed billions to Anglophone Caribbean states between 2005 and 2015. The EU's financing commitment to the region has not been the same as China's. Thus leading one to possibly surmise that China's lending in the region appear to be greater than that of the EU. However, this is subject to major caveats.

Much of the EU's financial assistance to the region has been in the form of grant funding as opposed to China, a point referenced in relation to Jamaica in earlier discussions. The large majority of China's financing in the region has been based on concessional loans as already indicated. For instance, according to Jamaica's Government Information Service, for a 43 year period up to 2018, Jamaica received 1.5 billion Euros from the EU. At first, this appears rather limited when compared to the billions in funds provided by China to Jamaica. But what

differentiates the two, is the substantial grant component in EU financing²⁶¹ when compared to China's assistance to Jamaica and indeed the broader Caribbean region. Thus, while the billion dollars worth of development assistance spanning a 40 year period pales in comparison to China's overall financial assistance to Jamaica, the conditionalities placed by China on the Caribbean and the possibility of continued indebtedness to China as examined in chapter 4, is a very real possibility. As already indicated earlier, certain Caribbean officials mindful of the various conditionalities of China, have critiqued China's modus operandi as opposed to traditional actors.

Also, even while China's influence in lending has risen significantly in relation to infrastructure investments, one may not necessarily conclude that the role of the EU has been largely absent in those areas. In the case of the UK, in 2015, then Prime Minister David Cameron, announced a £300 million investment package for infrastructure in the Anglophone Caribbean.²⁶² Further, much like the case with the US role in financing, it is also important to see Chinese and EU financing as variegated among Caribbean states. While the EU plays a significant role across the Anglophone Caribbean, China's financing has been largely limited to states where it has diplomatic recognition. Within those states that still recognise Taiwan, China does not play a significant role in financing in such states.

Section 2

3. Caribbean States trade relationship with China: implications for the US role in trade

At this juncture, this section takes a step back from the discussion on lending above. The section aims to focus on the implications of the increased trade relations between Caribbean states and China in relation to the US role in the region. The Caribbean region's rising interaction with China in trade constitutes China's rising influence in the Caribbean. In an effort to provide a comparative assessment of the US economic influence in the Caribbean vis-à-vis China in terms of trade, the analysis draws from UN Comtrade data for the period 2005-2015. This method is in line with the earlier evaluation of Caribbean states trade relations with China undertaken in chapter 5.

The US role within the Caribbean and Latin American region has been subjected to contradictory claims in light of China's evolving ties with the region. In relation to Latin America, Ray and

²⁶¹ <https://jis.gov.jm/eu-has-provided-1-5-billion-euros-in-development-support-to-jamaica/>

²⁶² <https://www.gov.uk/government/news/pm-announces-300-million-fund-for-caribbean-infrastructure>

Gallagher (2015) conclude that for South America in particular, China surpassed the US as a main trade partner. Similar findings are found in an ECLAC (2015) study on China and the Latin America Caribbean region. In accordance with the said study, for Peru and Brazil, China played an outside role in trade compared to traditional actors. However, such conclusions do provide a partial picture with regards to the LAC region. China's trade with the region is very much variegated when taking into account particular countries.²⁶³ Thus impeding generalisations that China's rising influence in the region has surpassed the traditional US role.

Therefore, it is argued that while the Caribbean's increased trade relationship with China has expanded Caribbean states access to new markets, China's rise in trade in the region has not resulted in a tandem decline in US economic pre-eminence in the Caribbean region. Rather, the Caribbean region has undertaken a diversification of their trade partnerships to take into account the Chinese market while also emphasising trade with traditional economic partners. As seen in chapter 5, notwithstanding the heightened trade relations between the Caribbean and China, with the increased economic ties, comes concomitant concerns relating to the ambiguous impacts of China on the Caribbean region.

The formation of new dependency patterns as well as concerns pertaining to the extent that China's ascendancy may constitute a competitive threat to the region are all constraints in the engagement thus far. As will be seen in chapter 7, there have also been concerns relating to China's economic practices within the Caribbean region. Thus, China's economic engagement comes with perceived challenges relating to labour and environmental standards. Such conflicting issues have not necessarily been readily attributed to US economic activities in the region. But while the US retained its dominance in trade with the Anglophone Caribbean, an emerging trend across the Anglophone Caribbean, has been the rising share of Chinese imports in respective states trade. Therefore, while the US remained the Caribbean region's leading trade partner, this trend may mask the rising significance of China in Caribbean states import trade. This point will be returned to as the section unfolds.

²⁶³ In relation to Latin America, Ray and Gallagher (2015) concluded that for South America in particular, China surpassed US as a main trade partner. The same was concluded by ECLAC in a 2015 study on the Latin America Caribbean and China with respect to the southern cone countries including Peru and Brazil (<https://www.cepal.org/en/publications/38197-latin-america-and-caribbean-and-china-towards-new-era-economic-cooperation>.) Moreover, Bloomberg using IMF trade data concludes that while China's trade with the LAC region is below 300 billion by 2015, it was valued at 700 billion with the US (<https://www.bloomberg.com/news/articles/2018-01-03/china-is-boosting-ties-in-latin-america-trump-should-be-worried>)

3.1 Comparing Caribbean states import trade with the US and China

The significance of the US for Caribbean states imports shows that in terms of trade, China has not competed with the US within the Caribbean region, instead, China has played a complementary role in trade in the region alongside the US. Thus, Caribbean states have utilised China as an additional source market for products, rather than diverting from their major import market which is the US, in favour of China. But this more general trade pattern for the region may obscure unfolding trends, and that is; the rising share of Caribbean states import trade with China. But such preliminary developments are not necessarily indicative of firm outcomes in the engagement.

In examining Caribbean states import trade with China in accordance with UN Comtrade data for 2015, although China moved to a place of prominence in trade in the Anglophone Caribbean, it has not displaced the US as the dominant import trade partner for the region. As shown in table 6.3, the Bahamas imported from China and the US, an almost equivalent level of imports in 2015. For the Bahamas, imports amounted to US \$ 2.4 billion from the US market while US \$ 2 billion came from China in the same year. This suggests that China has been able to play a significant role in the Bahamas alongside the US. But the figure for the Bahamas needs to be differentiated from other states in the region.

In terms of imports, the US is the leading economic actor across the Anglophone Caribbean region. The two biggest importers in the English-speaking Caribbean; Trinidad and Jamaica, imported between US\$ 2-3 billion in products from the US for 2015. In that same year, these two states imported millions worth of goods from China (see table 6.3). Trinidad's import of goods from the United States was worth US\$3 billion while US\$ 478 million in goods was imported from China. In the case of Jamaica, US \$2.2 billion worth of goods came from the United States, its top trading partner, while US\$446 million came from China. Thus, the US was still the most critical actor in terms of trade for the Caribbean for the period. The trend of US imports far outpacing that of imports from China for 2015, was much the same across the English-speaking Caribbean as shown in table 6.3. This suggests that in terms of import trade, the US influence in the Anglophone Caribbean is unsurpassed by non-traditional actors like China.

Table 6.3 Showing Caribbean States Imports from China and the United States for 2015

Caribbean Country	USA Import (US \$)	China Import (US \$)
Trinidad	3B	478M
Jamaica	2B	625M
Bahamas	2.4B	2B
Guyana	368M	159M
Barbados	596M	65M
Grenada	90M	10M
Antigua	667M	53M
Dominica	67M	31M
St. Vincent	82.6M	21M
St. Kitts	138M	27M
St. Lucia	311M	18M

Source: author elaboration from UNComtrade data

Moreover, although for the most part, states with diplomatic relations with Taiwan import much less than from China, the latter still figures in imports across the region (see table 6.3). For instance, for three Caribbean states which share diplomatic relations with Taiwan; Saint Lucia, Saint Kitts and Saint Vincent, their imports from China for 2015, was an average of US \$ 20 million, significantly less than the billion dollars worth of goods imported by the Bahamas, Jamaica and Trinidad which all have diplomatic relations with China. This itself suggests China's increased significance in trade more broadly. But notwithstanding China's overall strides in imports in the Caribbean, as illustrated in table 6.3, the US retains its significance as the leading import source for all Anglophone Caribbean states considered. This suggests the continued salience of the US for Caribbean states imports.

More specifically, in accordance with UN Comtrade data for 2000-2015 (see table 6.4), for three select Anglophone Caribbean states; Jamaica, Trinidad and Guyana, the US has remained the dominant import partner for such states when compared to China. This was so for the entire fifteen (15) year period under consideration. For the year, 2000, Jamaica imported only US \$49 million worth of goods from China. Trinidad also imported a little over US \$ 20 million from China in that same year. Between 2000-2004, Guyana's import from China amounted to US \$ 20 million or less on an annual basis for that period. When compared to imports from the US, Caribbean states such as Jamaica and Trinidad were already importing over US \$ 1 billion in products on an annual basis between 2000-2004. While Trinidad for instance, imported more than US half a billion worth of goods from China in 2015 (US \$660 million), it imported at least US \$ 3 billion worth of products from the US.

Table 6.4 Showing Caribbean States import trends from China and the US for 2000-2015.

Year	Jamaica		Trinidad		Guyana	
	US Imports	China Imports	US Imports	China Imports	US Imports	China Imports
2000	1B	49M	1B	27M	159M	10M
2001	1B	85M	1B	35M	141M	12M
2002	1B	66M	1B	42M	128M	14M
2003	1B	102M	1B	59M	117M	18M
2004	1B	126M	1B	76M	138M	21M
2005	2B	142M	2B	168M	242M	32M
2006	2B	207M	2B	242M	243M	46M
2007	3B	228M	2B	356M	259M	87M
2008	3B	320M	2B	487M	377M	76M
2009	2B	228M	2B	352M	342M	59M
2010	2B	243M	2B	373M	402M	84M
2011	2B	282M	3B	445M	445M	107M
2012	2B	310M	4B	550M	458M	194M
2013	2B	332M	3B	553M	406M	165M
2014	2B	394M	3B	635M	427M	133M
2015	2B	409M	3B	660M	429M	113M

Source: author calculations based on UN comtrade data

One of the more obvious reasons for the US dominance in trade with the Caribbean is the Caribbean's geographical proximity in relation to the US. This geostrategic advantage means that much of the trade between the Caribbean and the US has been facilitated through traditional ties to US markets. Non-traditional actors like China are likely to face impediments in new regional markets like the Caribbean, given the already dominant trade partnership with the US.

Moreover, there is a less quantifiable but nonetheless important issue, which has implications for the US role in trade in the region, and that is; the seeming preference for US imports. A sizable amount of the Caribbean's import trade with the US tends to be consumer goods. As such, this can foster a preference for traditional markets over non-traditional markets such as China's notwithstanding the perception of more competitively priced products.

However, notwithstanding this more obvious trend in terms of the US being the leading import market for the region, the data itself reveals an unfolding pattern in the Caribbean's trade relationship with China in the period considered; the increasing significance of China in Caribbean states trade especially within the context of imports. This will be examined below.

3.2 Caribbean states increasing imports from China

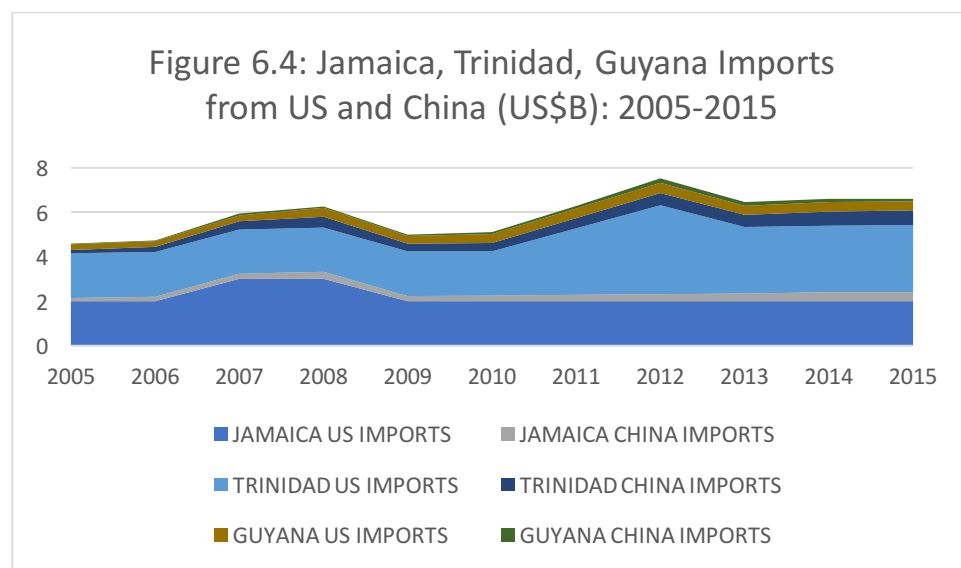
The inroads that China has made in import trade in the Anglophone Caribbean alongside the US in the region has been quite remarkable based on UN Comtrade data from 2005-2015. This rise in trade with China in relation to traditional actors like the US is a pattern being seen for the first time in the region's trade relationship with China. While the US has retained its significant leading role in Caribbean states imports, the region's intake from the US has been relatively stable when compared to China. The latter appears to have steadily increased its market share in the Anglophone Caribbean in relation to imports.

As seen in figure 6.4, for three Anglophone Caribbean states, Jamaica, Trinidad and Guyana, China's market share in imports have steadily increased while imports from the US has not undergone any substantial shifts in the same period. Thus it remained relatively stable for the most part. For Jamaica, no significant shifts materialised in terms of its imports from the US for the six year (6) period between 2009-2015 (see figure 6.4). Jamaica imported an average of US \$ 2 billion worth of goods per annum. However in contrast, imports from China rose in that same period. In 2009, it was US \$ 228 million and by 2015, it was almost twice that figure, amounting to US\$409 million.

A similar trend obtained for Trinidad whereby its US imports remained fairly constant while China's share of import trade increased for the period under survey. As illustrated in figure 6.4, from 2009-2015, the level of imports from the US remained almost constant. Trinidad imported an average of US \$3 billion worth of goods from the United States during the period mentioned. In 2009, the amount imported from China amounted US \$ 356 million, but by 2015, this figure was almost doubled. Trinidad imported US \$ 660 million worth of products from China.

In the case of Guyana as seen in figure 6.4, its imports from the US for the period 2009-2015, was an average of US \$400 million. In 2009, Guyana's imports from China amounted to US\$59 million. By 2015, Guyana had imported twice this amount from China. Again, China managed to almost successively and consistently increase its market share in Guyana.

Figure 6.4: US and China import trade for Guyana, Trinidad and Jamaica



Source: author calculation UNComtrade data 2005-2015

Highlighting the steady increase in China's role in imports in the Caribbean in no way seeks to mask the outsize role that the US has played in terms of Caribbean states imports as seen in figure 6.4. However, it does suggest that China's economic role in the Caribbean has increased significantly alongside traditionally dominant actors for the period considered.

The Caribbean region has increased its imports from China not only in relation to its competitive advantage in the global market, but also given the concerted policies undertaken by the region and China. As discussed in chapter 5, to benefit from China's aid and investment, Caribbean states entered into agreements tied to enhancing market access to Chinese actors. In becoming a major lender to Caribbean states and increasing FDI in respective sectors, China has been able to develop a more favourable environment for Chinese exports to the region.

Whereas it may appear that the Caribbean and much of the broader Latin American region may benefit from a more coherent trade strategy for China, perhaps the same may not be said for the latter, as evident by its rapid import penetration in the region. There have been various transmission modes through which China has sought to strengthen its trade links with the Caribbean, thus resulting in China's increased role in Caribbean states import trade. As discussed in chapter 5, Caribbean states and China have implemented a deliberative set of cohesive policies aimed at cementing economic partnerships in the region through a series of bilateral and multilateral

cooperation strategies. Fostering such links have allowed relevant actors an initial platform for promoting trade interests. This also enabled Chinese entrepreneurs and companies to further ties with local actors, thereby creating synergies between Chinese and Caribbean commercial interests. Such strategies have served as an important avenue for China's state owned enterprises to break new ground in pursuit of commercial opportunities in various Caribbean states.

Another means through which import trade with China has been facilitated is through local sources seeking more competitive products elsewhere on the global market. As discussed in the previous chapter, as merchants within the Caribbean region sought more competitive markets, they looked to China to provide low technology manufactures at competitive prices.

Furthermore, the entry of private Chinese entrepreneurs within the Caribbean has been another stream for promoting trade ties. Historically, as seen in chapter 3, this type of business activity has long been part of Caribbean states engagement with China. Within more recent contexts, Dominica for instance, has witnessed an influx of Chinese petty traders into the island and much of the retail trade in the capital Roseau, have been conducted by such entrepreneurs. Such business activities while creating competitive spaces for local businesses, also facilitate competition in low cost manufactures and products for consumers. Thus enhancing Chinese entry into the region.

Should the trend of increasing imports from China continue, China is expected to continue playing a broader role in Caribbean states trade. As China becomes more competitive in trade, and seeks to broaden its economic engagement with the Caribbean region, that may mean an even bigger share of the Caribbean's import trade. This then has implications for China's increased economic role in the region alongside traditional actors like the US and EU.

3.3 China's rise in Caribbean states import trade - EU's decline?

While the data on the Caribbean region's trade with China points to the dominant economic role of the US in the Caribbean region, the data points to a somewhat differentiated picture when taking into account the traditional EU role in imports in the Caribbean. The Caribbean region's patterns of trade with China and the EU in terms of imports, suggest more competitive effects.

There has been a marked decline in imports from the EU as trade intake from the Chinese market increased for the Caribbean region, between 2005-2015, based on UN Comtrade data. This

particular outcome appears to suggest that for the Caribbean, China has become an alternative partner to the EU in imports given China's global rise in trade and the concerted effort by both parties to deepen their economic relations in the period considered.

The decline of the EU relative to China, appears to be quite stark in accordance with an examination of the trade patterns for Jamaica, Trinidad and Guyana based on UNComtrade data for 2005-2015. This trend can be seen as part of a broader pattern identified by ECLAC (2015) in China's trade with the Caribbean and Latin America when compared to the EU region. According to ECLAC, since 2010, China has overtaken the EU as the region's second largest import source.²⁶⁴

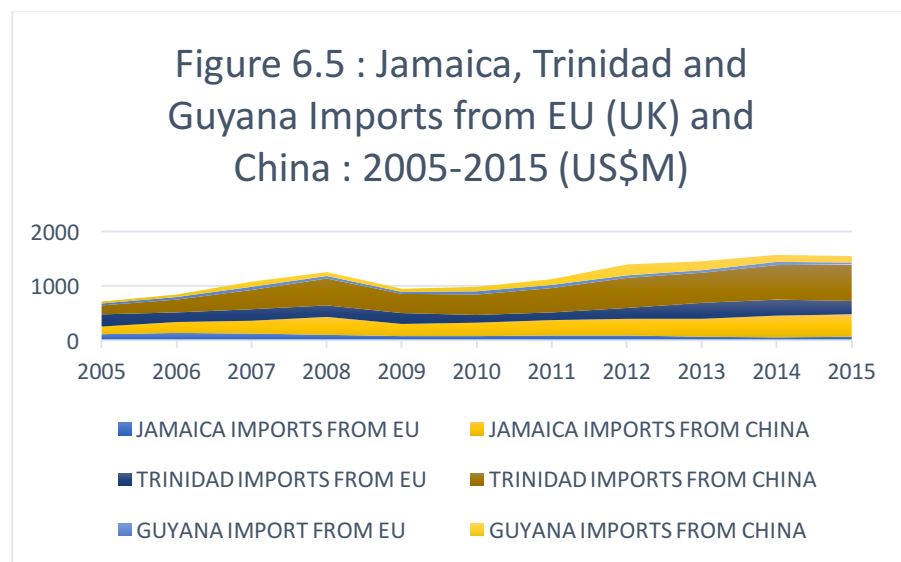
In specifically examining the UK's import share in three Caribbean states, Jamaica, Trinidad and Guyana, based on UN Comtrade data for 2005-2015, it appears that China's market share in Caribbean states imports have far outweighed traditional actors like the UK. However, this also needs to be considered in light of China's comparative advantage in relation to the UK in trade in goods more generally. One possibility for the decline in the EU position in the Caribbean relative to China is that China has been able to out-compete the EU in manufactures production. Caribbean states like other developing states, have turned to China as a means of accessing more competitively priced manufactures on the global market, a point already discussed in chapter 5.

But nonetheless, the rise of China as opposed to traditional actors like the UK in the Anglophone Caribbean bears closer examination. In examining Jamaica's import trade with China and the UK, as seen in figure 6.5, Jamaica has consistently managed to increase its level of imports from China, but the same may not be said for the UK where levels of imports appear to be on the decline. As Caribbean states expanded their market intake from China, there was a tandem decline in imports from traditional EU actors such as the UK. As such, it appears that while the US role in trade in the Caribbean region has remained steady, China has been able to edge out the EU in terms of market share in Caribbean states like Jamaica, Trinidad and Guyana.

As seen in figure 6.5, in the case of Jamaica, in 2005 its imports from the UK amounted to US \$110 million in 2005. However, by 2015, it was less than half this amount at US\$ 66 million. Between 2005 and 2015, there was a consistent decline in Jamaica's imports from the UK as

²⁶⁴ Latin America and the Caribbean and China, ECLAC, May 2015, p.37

opposed to China. In 2005, Trinidad imports from the UK outweighed its imports from China. Trinidad imported US \$225 million worth of goods from the UK and imported only US \$168 million from China. But this advantage in trade in imports by the UK into Trinidad was erased from 2006. In the case of Guyana, US \$ 33 million in goods was imported from the UK, a million more than from China. But the trend of increased Chinese imports by Guyana, is seen from 2006 onwards. This period coincided with the Caribbean region's economic turn to China in 2005.



Source; author calculations UN Comtrade data

But, while the EU's position in Caribbean states imports have declined relative to China's rise, there is still need to retain a sense of perspective when considering the dynamic. Notwithstanding China's crucial role in imports, a more holistic measure of Caribbean states bilateral trade relationship, taking into account exports, suggests that the EU is still a leading market for the Caribbean.

3.4 Comparing Caribbean states export trade with the US and China

While China has increased its economic influence in the Caribbean region by expanding its market share in imports, alongside traditional actors like the US, the export patterns of the Caribbean region have not shown significant orientation towards the Chinese market. This matters because in evaluating China's economic influence in the region vis-à-vis traditional actors like the US, a more holistic portrayal of the region's trade pattern is required in an effort to arrive at more valid assessments of China's increasing role in the region alongside traditional actors.

Moreover, the Caribbean's export trade with the US does not appear to follow the highly asymmetrical trade relationship between the Caribbean region and China. As will be examined later, based on an examination of UN Comtrade data for Jamaica, Trinidad and Guyana for 2000-2015, the latter two states have had a positive trade balance with the US. In Trinidad's case, it has been almost consistent in accordance with the trade data. In instances where Caribbean states do have a trade deficit with the US, the US is still their most significant export market as opposed to China which plays a very limited role in exports in the region.

The critical significance of the United States in terms of Caribbean states trade is seen in relation to exports for the states of the Anglophone Caribbean region for the year 2015. In examining the data for states across the Anglophone Caribbean region for the year 2015, based on UN Comtrade data, the US is the major export destination for the region. As seen in table 6.5, in 2015, the Anglophone Caribbean states exported to the US in excess of US \$ 6 billion worth of goods. Trinidad, the Anglophone Caribbean's biggest commodities exporter, exported US \$5 billion to the US market in 2015. This is in sharp contrast to Trinidad's export to China which amounted to US \$39 million in that same year. The other more significant markets within the Anglophone Caribbean, including the Bahamas, Jamaica and Barbados, exported to the US market in excess of US\$ 1.3 billion while exports to China amounted to only US \$100 million. The smaller Eastern Caribbean group of states including Saint Lucia, St Vincent, St. Kitts and Grenada, exported US\$ 248 million worth of products to the US market for 2015. In contrast, the Eastern Caribbean states exported to China was merely US 1.5 million in the same year. This clearly indicates that the US market is the Caribbean's most significant export market while China's market plays a more negligible role in Caribbean states export trade.

Table 6.5 Caribbean States exports to the US and China for 2015

Country	Exports to USA	Exports to China
Trinidad	5 B	39M
Jamaica	329M	31M
Guyana	440M	49M
Bahamas	471M	24M
Barbados	71M	19M
Eastern-Caribbean	248M	1.5M

Source: author calculation based on UN Comtrade data

This consistent trend of US significance for the region's exports is further demonstrated in a study of three Caribbean states export patterns with the US and China based on UN Comtrade data for 2000-2015. These are Jamaica, Guyana and Trinidad. The data explicitly suggests that China's

rising economic influence in the Caribbean alongside the US needs to be kept in perspective. Essentially, China's economic rise has failed to displace the economic influence of the US with respect to Caribbean states export trade.

Trinidad's case is particularly relevant in highlighting the differentiated patterns of trade in relation to the US and China within the region. As seen in table 6.6, Trinidad exported a few million worth of goods to China between 2002-2005. Prior, in 2001, it exported less than half a million worth of goods to China. This is in sharp contrast to the US market where Trinidad exported in excess of US\$ 2 billion on an annual basis for the fifteen year period under consideration. The US is the most important market for Trinidad's oil resources. Likewise, in the case of Guyana, it has exported more than US \$100 million worth of goods for the fifteen year period for the most part. In Jamaica's case, its exports to the US on an annual basis, was worth close to US \$ half a billion.

While these trends may not necessarily come as a surprise, it does help to place in sharp perspective, the economic dominance of the US in the region. These patterns for the Caribbean region also indicate that there needs to be more robust assessments of claims regarding China's economic rise in Latin America more broadly, when compared to the traditional US role in the region.

Table 6.6 showing select Caribbean States exports to the US and China for 2000-2015

Year	Jamaica		Trinidad		Guyana	
	US Exports	China Exports	US Exports	China Exports	US Exports	China Exports
2000	461M	30M	2B	400TH	140M	4M
2001	461M	34M	2B	67TH	140M	2M
2002	426M	49M	5B	5M	134M	4M
2003	452M	105M	5B	10M	137M	300TH
2004	342M	270M	6B	4M	138M	1M
2005	387M	107M	6B	4M	83M	5M
2006	605M	301M	8B	7M	88M	14M
2007	828M	70M	8B	22M	113M	10M
2008	983M	2M	9B	12M	116M	12M
2009	649M	17M	5B	60M	97M	13M
2010	659M	2M	5B	33M	92M	7M
2011	839M	21M	7B	79M	227M	6M
2012	823M	11M	6B	18M	334M	13M
2013	771M	15M	7B	19M	361M	7M
2014	573M	38M	7B	55M	300M	23M
2015	467M	29M	4B	102M	311M	20M

Source: author calculations based on UN Comtrade data 2000-2015

Further, unlike the more asymmetrical trade relations between the Caribbean and China, patterns of trade with the US does not necessarily show the same level of imbalance. Interestingly, Caribbean states such as Trinidad have had a positive balance of trade with the US. As shown in table 6.7, Trinidad's positive balance of trade with the US has been consistent throughout the fifteen-year period under study. Figures from the United States Census Bureau also confirms the US's negative trade balance with Trinidad.²⁶⁵

In the case of Guyana, the bilateral trade between itself and the US can be said to be fairly balanced for the most part. Guyana exported US \$140 million worth of goods from the US in 2000 and imported US \$ 159 million. In 2003, Guyana registered a positive balance of trade with the US by exporting US \$137 million and importing US \$117 million worth of goods from the US market. By 2015, it imported a little over US \$ 1 million more than it exported to the United States. Jamaica has managed to export close to US \$ half a billion on an annual basis to the US market and between 2006-2015, Jamaica exported close to US \$1 billion to the US. These more balanced trade relations between the Anglophone Caribbean and the US is in marked contrast to that between the Caribbean and China.

Table 6.7 showing select Caribbean states balance of trade with US (US\$B): 2000-2015

Year	Jamaica		Trinidad		Guyana	
	US Exports	US Imports	US Exports	US Imports	US Exports	US Imports
2000	461M	1B	2B	1B	140M	159M
2001	461M	1B	2B	1B	140M	141M
2002	426M	1B	5B	1B	134M	128M
2003	452M	1B	5B	1B	137M	117M
2004	342M	1B	6B	1B	138M	138M
2005	387M	2B	6B	2B	83M	242M
2006	605M	2B	8B	2B	88M	243M
2007	828M	3B	8B	2B	113M	259M
2008	983M	3B	9B	2B	116M	377M
2009	649M	2B	5B	2B	97M	342M
2010	659M	2B	5B	2B	92M	402M
2011	839M	2B	7B	3B	227M	445M
2012	823M	2B	6B	4B	334M	458M
2013	771M	2B	7B	3B	361M	406M
2014	573M	2B	7B	3B	300M	427M
2015	467M	2B	4B	3B	311M	429M

Source: author calculations UN Comtrade data 2000-2015

²⁶⁵ <https://www.census.gov/foreign-trade/balance/c2740.html#2015>

3.5 Continued salience of the EU in Caribbean states export trade

Like the US, the EU remained a significant export market for the Caribbean region as evident by export patterns for Jamaica, Trinidad and Guyana based UN Comtrade data for 2000-2015. When compared to China as an export destination, the UK in particular, remains a major export destination for the region. This contrasts with the trends identified earlier, in terms of the EU's declining role as an import market for the region. However, the data concomitantly reveals that China's significance as an export destination for the Caribbean has been on the rise post 2005, notwithstanding the UK's continued significance as a market for the region.

As illustrated in table 6.8, the Caribbean states mentioned, have almost consistently for a 15 year period, exported to the UK market, US \$100 million worth of goods or more. For Trinidad, between 2007-2015, it exported between US \$200-300 million to the UK market on an annual basis. The figures showed that even while exports to the UK have fluctuated, it is still a leading export destination for the Caribbean region in line with its traditional role as a salient actor in the region.

However, there are broader economic developments which at times impact Caribbean states exports to the UK market and partly explains why it appears to diminish at various points, despite the salience of the UK as a traditional market for the region. As seen in table 6.8, while exports to the UK exceeded US \$ 100 million annually for Jamaica, Guyana and Trinidad respectively in 2008, exports to the UK market declined significantly, immediately following that period. The decline in exports was partly due to the global financial crisis. This greatly impacted Caribbean states economies due to their interdependence with traditional partners like the UK and US. But from 2013 -2015, exports to the UK market by these Caribbean states rebounded to almost pre-crisis levels. This again illustrates that while China's economic influence has risen significantly in the Post-Cold War period, it has been able to do so in specific areas of Caribbean states trade. Thus pointing to the need for more holistic appraisals of the dynamic in order to more critically assess its influence in the Caribbean region.

China's rise in import trade in the Caribbean as exceptional as it has been post 2005, provides a partial portrayal of China's economic influence in trade in the Caribbean vis-à-vis traditional actors

like the UK. As illustrated in table 6.8, Jamaica's exports to the UK increased consistently from 2005-2008. Thus, Jamaica exported an average of US\$ 200 million to the UK on an annual basis. Trinidad also exported about US \$ 300 million on a yearly basis to the UK between 2008-2012. Thus, for Caribbean states, China remains a limited export market in relation to the UK in the Caribbean region.

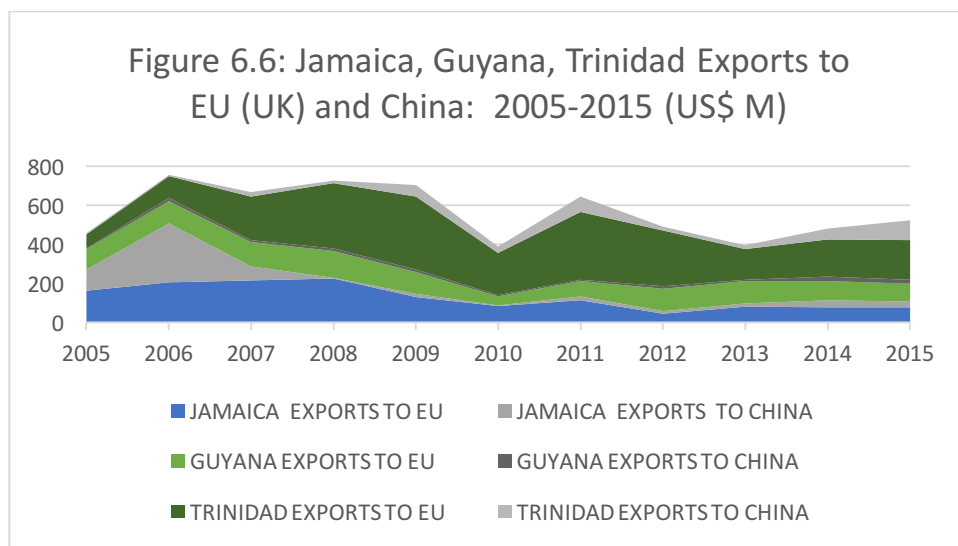
Table 6.8 showing exports to the EU/UK by Jamaica, Trinidad and Guyana for 2000-2015

Year	Jamaica		Trinidad		Guyana	
	EU/UK Exports	China Exports	EU/UK Exports	China Exports	EU/UK Exports	China Exports
2000	188M	30M	90M	>M	103M	4M
2001	171M	34M	92M	>M	92M	2M
2002	164M	49M	101M	5M	75M	4M
2003	105M	105M	158M	10M	81M	>M
2004	167M	270M	157M	4M	80M	1M
2005	162M	107M	73M	4M	105M	5M
2006	205M	301M	112M	7M	116M	14M
2007	216M	70M	224M	22M	125M	10M
2008	225M	2M	334M	12M	140M	12M
2009	130M	17M	371M	60M	112M	13M
2010	84M	2M	214M	33M	48M	7M
2011	112M	21M	348M	79M	78M	6M
2012	45M	11M	287M	18M	115M	13M
2013	81M	15M	156M	19M	116M	7M
2014	76M	38M	191M	55M	97M	23M
2015	77M	29M	204M	102M	91M	20M

Author elaboration: UN Comtrade data

But the data overall, does obscure the rise in select Caribbean states exports to China although it is still not as significant an export destination for the Caribbean. As seen in figure 6.6, notwithstanding the UK's more significant role as an export destination, there has been a trend towards increasing exports to China from Jamaica, Trinidad and Guyana for 2005 to 2015. This period coincides with deepening economic engagement between the Caribbean and China.

As shown in figure 6.6, Jamaica witnessed an almost two-fold increase in its exports to China between 2013-2015. In 2012, its exports to China amounted to US \$45 million, in the three years following, its exports to China amounted to an average of \$ US 80 million. Likewise, for Guyana, there was a three-fold increase in exports to China's market between 2014-2015. After registering US \$ 7 million in exports to China in 2013, by 2014 and 2015, its exports were above US \$ 20 million on an annual basis. These are still lower export numbers when compared to traditional markets like the UK, but China's rising role in trade with the region is fairly new when compared to established actors.



4. Assessing Caribbean states trade with China and traditional partners: US and EU

As already discussed, while China has managed to substantially increase its import share across the Anglophone Caribbean, China plays a limited role in Caribbean states exports. On the surface, this shows an obvious imbalance when compared to traditional economic powers within the Anglophone Caribbean. But there are major caveats to be borne in mind when assessing China's economic role in the region vis-à-vis the traditional actors mentioned. The trade ties strengthened remarkably only post 2005, this suggests that China is a recent actor in trade when compared to the traditionally dominant role of the US in the region. Further, China's own emphasis on expanding market opportunities in relation to third states may not necessarily be overlooked when evaluating its rapid entry into external markets. Thus, China's lack of salience to the Caribbean region as an export market is so for a variety of reasons.

The existing trade pattern thus far, points to China's own internal policies which may favour export trade rather than import penetration from third states. For instance, CARICOM, in an early concept note on trade with China in 2007,²⁶⁶ cited the difficulties of local firms in accessing China's market in goods in niche areas. According to CARICOM, China's import regulations, including granting of licenses, lack of transparency in custom duties and import taxes serve as effective impediments to China's market. For small trading firms with limited capacity, navigating those areas within the

²⁶⁶ Exploring Trade Opportunities with China, Vol. 20, 2007, <http://www.crn.org>

Chinese market is likely to present difficulty. Coupled with this issue, establishing commercial offices in the host country and enabling distribution and marketing networks to overcome cultural and other barriers do come at significant costs. The latter also impacts on Caribbean states ability to engage in market penetration in new markets like China. An IADB (2014) study on LAC investments in China cited the latter as a major impediment to trade with China. The said study suggest that this hinders the expansion of business opportunities in China for Latin America and Caribbean firms, although certain firms from the region may benefit from China's market.²⁶⁷

However, having said this, access to China's market is differentiated across various Anglophone Caribbean states. As seen in chapter 5, Jamaica has had a relatively vibrant export trade relationship with China and has even had a positive trade balance with China on the basis of its alumina exports. More recently, Jamaica's exports of coffee to China is said to have grown at an annual rate of 26% between 2011 and 2016.²⁶⁸

It may be said that at the official level at least, there appears to be some receptivity in China with regards to expanding Caribbean states export base despite the practical impediments encountered at the firm level. Within this context, China has undertaken various measures to strengthen its market connections with the Caribbean at the official level. In 2014, China's LAC forum attempted to make some headway in that direction. Alongside its infrastructure forums for further investments in Latin America and the Caribbean, China also constituted the LAC and China Agriculture forum. The aim of the forum is the promotion of trade in areas where the region is competitive.

Moreover, trade ties between Caribbean states and China strengthened significantly post 2005. This suggests that China is a recent actor and its role in the region may evolve as time unfolds. China's economic emergence should it continue on an upward trajectory, may mean increasing influence not only in import trade in the region but also increasingly, in bilateral trade flows overall. Certain states within the Caribbean have been able to form significant export partnerships with non- traditional partners. As far back as 2010-2015, the Russian Federation has been a significant export partner for Jamaica given its role in the bauxite sector in accordance with WITS:

²⁶⁷ <https://publications.iadb.org/en/lac-investment-china-new-chapter-latin-america-and-caribbean-china-relations>

²⁶⁸ <http://jamaica-gleaner.com/article/lead-stories/20171120/new-coffee-craze-jamaicans-urged-produce-more-chinese-market>

UN Comtrade data. This partnership emanated from Russia's role in the sector in Jamaica in the Cold War period. Thus, there is a possibility for China's economic role to progress within the region, with it becoming more significant for Caribbean states trade. The discussions in chapter 5 have already underscored this possibility based on unfolding patterns in the data on specific Caribbean states trade with China. Thus, should a more balanced trade relationship become an increasingly prevalent aspect of the economic relationship between the Caribbean region and China, it may be likely that China can more effectively consolidate its economic role alongside traditional actors.

5. Discussion of research findings

Caribbean states heightened economic engagement with China has meant that China's economic role in the Caribbean and Latin America has grown substantially in the Post-Cold War period (2005-2015). However, China's economic rise has not altered the economic landscape within the Caribbean region when it comes to the dominance of the US. The US is still the predominant economic partner for the Caribbean both in terms of trade and financing for the period considered.

In assessing China's economic significance in lending vis-à-vis the US, the findings illustrated that China's lending in the Caribbean has risen exponentially post 2005. But despite China's significance in financing in the region, there are several significant caveats to consider and these potentially undermine generalisations that China has increased its influence in lending relative to the US.

As discussed, Caribbean states concessional funding is still largely derived from institutions led by western actors including the Inter-American Development Bank, World Bank and Caribbean Development Bank. Canada as already stated is the major shareholder in the latter while the US holds the majority of shares in the IADB for the period considered. US influence is also well consolidated in international financial institutions such as the World Bank, having played a central role in the organization from its inception.

Another point which precluded one from arriving at generalisations pertaining to US decline in financing versus China's rise in the region is the extent that China's lending was shown to be differentiated among states in the Anglophone Caribbean. Thus, while China played a significant

role in lending in select Caribbean states such as Jamaica, the same may not be said for Barbados for the period under survey in the thesis.

Additionally, the findings suggested that China has targeted its lending towards different areas when compared to western actors. Thus, leading it to play a major role in sectors that have not been necessarily prioritised in lending by traditional actors. This corroborated with findings from Brautigam (2009) who found that much of the focus of Chinese development assistance was apparent in areas where western donors had not prioritised either through lending or other financial assistance instruments in Africa. However, as already examined in this chapter, this does not suggest that the role of traditional actors have been all together absent in infrastructure financing in the Caribbean region. As discussed, IADB loans have been increasingly funding infrastructure investments in Anglophone Caribbean states such as the Bahamas and Trinidad. Thus, western actors interests have not necessarily been absent even in areas where China appears to be overwhelmingly represented. Therefore, while China's economic role in the Caribbean has increased in both intensity and scope, this may not necessarily be equated to a decline in US or western influence in the Caribbean or Latin America for that matter.

Moreover, the economic data discussed in this chapter not only refuted the idea of US decline but illustrated the need for an analysis that is much more nuanced and circumspect with regards to China's growing economic influence in the broader region. The findings revealed that unlike the region's trade relations with traditional partners like the EU and the US, there has been a high level of asymmetry in the Caribbean and China trade relationship. For instance, while certain states in the Caribbean have carried positive trade balances with both the EU and US, the same may not be said for China post 2005, when trade strengthened soon after the First China Caribbean Economic Cooperation forum. With respect to Trinidad, the latter has had an almost consistently positive trade balance with the US between 2005-2015. At times, Guyana also reported favourable trade balance with EU states like the UK during the same period. However, while Jamaica had been able to benefit from China as an export destination as seen in chapter 5, the balance of trade turned negative as Jamaica increasingly turned to the Chinese market for both lending and import trade post 2005.

Thus the particularly asymmetrical trade relations between the Caribbean and China is in sharp contrast to trade with traditional partners. This suggested the need to assess in an empirical manner, China's broader role in the Latin America Caribbean region versus that of traditional actors. Doing so also problematised claims in the literature on growing Chinese influence in the region vis-à-vis actors like the US. The relative lack of market penetration by Caribbean and Latin America states in terms of China as well as the more competitive effects of trade addressed in chapter 5, all suggested that economic relations between the region and China have been taking place in a complex environment. For instance, the findings illustrated that while China has been a leading import source for Caribbean states, it failed to play a significant role as an export destination unlike the traditional actors like the US and EU. But as discussed, one must also acknowledge that the economic ties with China only strengthened post 2005. Thus the relationship is still unfolding whereas the economic relationship between the Caribbean, the US and EU have been fairly well consolidated.

6. Conclusion

For the Caribbean region, China's emergence represented an opportunity for pursuing extended economic partnerships with emerging actors in the international system alongside traditional actors like the US. But rather than acting counter to US dominance in the Caribbean, China's role has been largely complementary to that of the US in the region. The analysis indicated that while China's role in financing had increased markedly in the region post 2005, traditional actors like the US for various reasons, could not be overlooked. For instance, it was shown that the US still carried substantive influence in relation to traditional lenders operating within the region. Thus the role of the IADB and World Bank are still significant in the region. The analysis also suggested that China's financing was very much variegated in the Caribbean region in that it played a significant role with respect to specific states. However, traditional actors influenced were well entrenched across the Anglophone Caribbean.

In examining the trade dimension of the engagement in an effort to gauge the implications of Caribbean states rising trade with China in relation to the US, the data showed that much of Caribbean states trade was undertaken with the US. As such, the latter is the most significant import and export market for the region. This is very much differentiated from the region's engagement with China whereby the data revealed that China is more of an "import market" for

the region, rather than an “export market.” Further, the findings suggested that the EU remains a significant export market for the Caribbean region, although it appeared that in terms of imports, China was able to increase its import shares in the region relative to the EU for the period under consideration.

The analysis within the chapter highlighted the need to interrogate claims in the literature regarding China’s rise in relation to US influence in an empirical manner in an effort to arrive at valid and reliable assessments of China’s influence in the region alongside the US. Thus while China’s influence in financing and trade has risen exponentially in the Latin America Caribbean region, as argued, China has not displaced US pre-eminence in its traditional sphere of influence. However, although Caribbean states domestic economic engagement with China has not necessarily resulted in tandem decline of the fundamental US role within the region, China has to a certain extent, challenged the notion that the US and the EU, are the dominant economic actors within developing states.

Chapter 7: Caribbean states domestic economic engagement with China: responses to China's economic practices

Introduction

In examining economic considerations as a key underlying driver in Caribbean states relations with China, the empirically based chapters of the thesis- chapters 4, 5 and 6, examined the nature and scope of the economic interactions, its impacts and its implications respectively. This chapter plays a complementary role in analysing Caribbean states domestic economic engagement with China by examining the consequent responses surrounding the commercial interactions. In doing so, a more critical, yet comprehensive assessment of the significance of intervening economic factors in shaping the Caribbean and China dynamic from the standpoint of developing states is undertaken. Moreover, the chapter aligns with the underlying theoretical premise within both FPA and NCR that domestic processes are essential to understanding inter-state relations.

Within the Caribbean region, China's economic practices within the local context often give rise to a range of reactions in the media and the public realm. The discourse surrounding Chinese economic activity at the ground level largely revolve around Chinese enterprises perceived inability to deal adequately with labour and environmental standards. As such, the chapter aims to analyse Caribbean states responses at the ground level in relation to those two issues.

The chapter argues that while Caribbean states responses to China's economic activities often highlight the opportunities inherent in the commercial exchange, responses to labour and environmental issues also reveal tensions and contradictions in China's corporate practices at the domestic level. Underpinning such issues are notions of vulnerability inherent in small states engaging a more powerful economic actor. This then gives rise to concomitant concerns pertaining to how effectively Caribbean states can safeguard their national priorities in commercial interactions with China given the power differentials.

The underlying asymmetry between the region and China also leads to considerations pertaining to the extent to which Caribbean states can effectively respond to and mitigate perceived challenges in China's economic practices within the region. However, there is nascent evidence that Caribbean states recognise the need to react to various constraints in the economic interaction

and formulate responses in an effort to guard against possibly adverse effects of China's economic practices.

These dynamics underscore that while responses at the ground level to China has been fairly positive, with ideas of south-south cooperation and mutual interests figuring prominently in the rhetoric surrounding the engagement, this does not equate with the absence of tensions at the ground level. In terms of labour, perceived challenges are related to China's specific framework for development assistance. Possible environmental problems appear to stem from differing government responses across the Anglophone Caribbean region as well as the varied economic activities carried out by Chinese companies. Certain economic endeavours appear to carry more environmental risks than others.

The responses to China's economic activities within the Caribbean region are somewhat complex. Caribbean states responses to economic practices by Chinese enterprises are mediated through a relatively robust legal framework for labour and environmental standards within the region. The public realm may also seek to influence responses to Chinese economic activities through a multitude of actors. These include a range of social and environmental groups, the media, commercial interests as well as other relevant stakeholders. Actors not only seek to shape foreign policy decision-making by amplifying the potential for risks in the engagement by engendering debates. Such actors also mediate their interests in the ongoing interactions between Caribbean states and China by giving voice to group and sector preferences in the dynamic. They also attempt resolutions of perceived problems through governmental and non-governmental mechanisms. These various elements facilitate an environment conducive to managing perceived challenges in Chinese actors engagement at the ground level within the Caribbean region.

Thus far, there has been little academic studies on China's economic practices and the subsequent responses to such within Caribbean states. Academics have managed to weigh in on issues of labour and environmental standards in relation to China's corporate engagement in Latin America. However such issues are still under-examined in relation to the latter. A recent study by Ray *et al* (2015) examines Chinese economic practices and its effects Latin America's sustainable development. But while scholarly studies appear to be few, it is not uncommon to find a plethora of media views on China's economic practices in the Caribbean and Latin America. The Caribbean

region's strategic position further engender debates on Chinese economic practices in the region as opposed to traditional actors especially in the US media and think tanks. For instance, the use of Chinese workers and the questionable benefits of such was the subject of 2018 article by the US Council of Hemispheric Affairs on China's expanding presence in the Caribbean region.²⁶⁹

In an effort to examine Caribbean states responses to China's corporate practices, the chapter first focuses on examining China's labour practices within the Caribbean context. The discussion draws on media and public responses to China's the use of its own labour in infrastructure projects. The chapter will then examine the perceived environmental problems in China's economic activity. As such, two cases of Chinese companies practices and the consequent government responses in each case will be examined. These are; the Goat Island project in Jamaica undertaken by China Harbour Engineering Company and Chinese Logging company in Guyana, Bai Shan Lin. These cases do not necessarily demonstrate the norm in China's economic activity in the Caribbean region, however they do seek to illuminate how Caribbean states have sought to respond to possible challenges in Chinese economic activities at the ground level.

The chapter contributes to addressing the knowledge gap on China's economic activities and Caribbean states subsequent responses at the local level. The chapter also extends knowledge on Caribbean states decision-making with regards to rising economic powers such as China. It highlights that despite the power differentials between developing states and China, this does not necessarily imply a lack of agency on the part of developing states in asserting their interests in the interaction. It also illustrates that underlying asymmetries may not necessarily indicate an inability to mediate possible risks in the region's economic engagement with China.

2.Caribbean states responses to labour practices in China's economic activities

China's use of its labour has been a key part of China's going out economic strategy in the developing world. This has led to heavy criticisms relating to China's modus operandi in aid and technical assistance in Caribbean countries and other parts of the developing world. The unfavourable views associated with such has been examined in the scholarly literature (Mohan, 2013; Irwin and Gallagher, 2013; Alden and Davies, 2010).

²⁶⁹ <http://www.coha.org/filling-the-void-chinas-expanding-caribbean-presence/>

Labour constraints in Caribbean states engagement with China have been perceived in two main ways. One relates to the lack of local content in terms of local labour and domestic firms input. The second revolves around the idea that Chinese companies may not necessarily adhere to labour standards within the Caribbean. These issues not only highlight the ambiguities in the interaction at the domestic level. But also question the extent to which political elites can foster the interests of the public in engaging China, especially given developing states weaker bargaining position in the relations.

The perceived lack of local content has been seen to result in domestic firms and local labour being effectively locked out from participating in Chinese projects due to the economic agreements that revolve largely around the use Chinese labour and China's state-owned enterprises. Such outcomes are seen to impact on employment opportunities for Caribbean nationals and firms. Although the possibly adverse effects resulting from the use of Chinese firms and Chinese labour have not necessarily been ascertained through empirical study within the Caribbean context, nonetheless local people and firms have provided indications that they have been affected by such practices (see subsection 2.1).

Challenges have also been linked to Chinese firms perceived lack of adherence to labour standards within the Anglophone Caribbean. As already mentioned, the region is an area where labour is fairly well regulated. Both national and international labour laws are generally implemented in the region. Anglophone Caribbean governments oversee labour practices and implementation of labour laws through various government and non-government mechanisms. The labour laws in the Caribbean can be said to be in two categories; it is part of the domestic law or enshrined in local law through various international agreements regulated by the International Labour Organisation, as well as other international and regional instruments (Corthésy and Harris-Roper, 2014). Ministries of Labour also form part of government portfolios across the Anglophone Caribbean. Such ministries are partly responsible for monitoring and protecting labour rights. Trade unions within the Caribbean also seek to promote workers rights.

While media reports have suggested that Chinese companies have not always adhered to labour standards, there has been little empirical support for claims that Chinese firms are prone to overlook labour laws in the Caribbean. In fact, there has been nascent evidence that the existing

legislative frameworks pertaining to labour within the Anglophone Caribbean, have enabled a more open environment for Caribbean nationals as well as Chinese labourers. Consequently, both local and Chinese labour have utilised the regulatory mechanisms within Caribbean states to help foster changes in working conditions imposed by specific Chinese firms within the Caribbean region.

2.1 Chinese firms practices and challenges to local labour in the Caribbean

Utilising largely Chinese labour have fuelled discontent in otherwise generally convivial relations between the Caribbean region and China. These issues also seem to conflict with the rhetoric of “win-win” cooperation favoured in commentary by the Chinese media and within other foreign policy statements issued by China.

The view has been that local labour within the Caribbean region has been placed at a disadvantage especially given that the unemployment rate within the region has been relatively high in the past few years.²⁷⁰ As Alden and Davies (2010: 93) point out when examining Chinese labour practices in the African context, “the use of nationals for labour by Chinese MNCs involved in construction and infrastructure projects, justified by Chinese managers in terms of their cost, productivity and cultural affinity, seems misguided when one examines the rates of local unemployment among Africans.” The authors go on to argue that this has important political and economic implications at the domestic level.

Within the Caribbean region, the concern about the actual employment benefits to the local population have at times, built an unfavourable view of China’s economic activities versus other western state actors within the region. Although in western companies practices, it is not unknown for managerial and other technical roles to go to western counterparts rather than local labour in the Caribbean region. Therefore China’s assertion of its national economic interest in labour practices is therefore not quite unique to China. However, China appears to focus mainly on its own labour through-out the conceptualisation and implementation phases of its various projects, more so than western actors.

²⁷⁰ https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_614165/lang--en/index.htm

The employment of Chinese nationals has been a key aspect of the economic agreements undertaken by Caribbean states and China when engaging in concessional lending for various infrastructure projects in the region. US media reports suggest that as part of the Chinese Government agreement with the Bahamian Government for construction of the US \$2.5 billion Baha Mar hotel project, at least 7000 Chinese labourers were imported.²⁷¹ The perception shared by certain members of the Bahamian public according to a US media report, is that while the investments were welcomed, “the feeling around the country is that the Chinese are taking over.”²⁷² Jamaica’s media has also questioned the wide-spread use of Chinese labour in investments at the ground level. The Jamaica Observer newspaper, carried an opinion piece on March 11, 2017, questioning the widespread use of Chinese labour in contracts undertaken by the government. Two salient issues were raised in relation to Jamaica. One was that more local labour needed to be employed on Chinese projects on the island and the other, was that there needed to be careful monitoring of work permits to Chinese nationals in an effort to safeguard local labour.²⁷³

Notwithstanding the concerns raised in relation to China’s labour practices, Chinese contractors have often excused their hiring practices on the basis that Chinese workers are cheaper than local labour. For instance, Chinese contractors have indicated that while the cost of the Chinese worker amounted to no more than US\$1.00, the cost of a Jamaican worker amounted to US\$4.00 a day.²⁷⁴ The issue of costs may be linked to the more stringent regulatory environment for labour within the Caribbean region. As such, it is expected that minimum wage laws for instance, be adhered too when hiring within the region.

China’s labour practices have enabled certain sectors of the public to question the positive economic aspects of engaging China in particular, when compared to traditional western actors such as the United States. Sir Ronald Sanders, former Caribbean Ambassador in examining China’s modus operandi in terms of labour declared;

If the current practices continue in which Caribbean workers are for the most part, spectators at projects employing Chinese labour, there will eventually be resentment and a backlash, particularly if the projects are financed by loans to Caribbean governments that taxpayers have to repay. Such a backlash will harm relations between China and Caribbean countries at a time when these relations should be improved and deepened at the economic level.²⁷⁵

²⁷¹ <http://www.sandiegouniontribune.com/sdut-work-starts-on-china-backed-bahamas-resort-project-2011feb21-story.html>

²⁷² <http://america.aljazeera.com/articles/2015/10/6/bahamas-resistance-massive-chinese-resort.html>

²⁷³ http://www.jamaicaobserver.com/editorial/Is-there-sufficient-Jamaican-involvement-in-Chinese-construction-projects-_92205

²⁷⁴ <http://jamaica-gleaner.com/article/lead-stories/20160316/chinese-workers-cheaper-jamaicans-contractor>

²⁷⁵ http://www.jamaicaobserver.com/columns/China-Caribbean-relations--a-new-footing-needed_14842821

Such labour practices can minimise perceptions of positive contributions by China to Caribbean states economies. It can also preclude China from gaining economic influence in a manner similar to that of western actors. Thus undermining its economic influence alongside traditional actors such as the US, whose investments may not necessarily promote such views at the local level. As already stated; it is not unknown for western actors to generally leave managerial and technical roles within their various business enterprises to non-local labour. This has been especially evident with respect to the tourism industry where such roles may go to persons outside the Caribbean region.

What has differentiated Chinese economic practices thus far, with regards to labour, is perhaps the sheer magnitude of the practice when compared to traditional actors. The tendency has been to utilise Chinese labour almost exclusively at various levels of infrastructure projects and other investments on a scale that may not necessarily be compared with western actors within the region.

The issue of Chinese labour has clearly been a sensitive one which frame responses at the ground level in Caribbean states. Chinese labour have fuelled views that such engagement has been designed to extract profits and maximise profitability without necessarily promoting a level of corporate responsibility with respect to local labour within the environment where Chinese companies operate. This has led certain Caribbean government representatives to call for more responsibility in China's economic investments. Thus Guyana's former President, David Granger, has indicated that Chinese investments need to be more closely aligned with providing employment and fostering national development.²⁷⁶

Chinese firms have attempted to make some changes to their hiring practices in the Caribbean in an effort to counter the negative views associated with Chinese FDI in the region. There also appeared to be increased costs associated with the practice for China, despite its wide-spread use. As reported by the IADB, since 2013, in accordance with statistics published by China's Ministry of Commerce, outflows of Chinese labour worldwide have contracted. While Chinese projects increased 17.6 percent in 2013, the total overseas stock of Chinese workers grew by only 0.4 percent in 2013. This was a considerable decrease from 8 percent growth between 2009 and

²⁷⁶ <https://guyanachronicle.com/2017/04/02/align-investment-with-employment-president-tells-chinese-investors>

2010.²⁷⁷ In 2013, Chinese officials informed Caribbean media personnel in Beijing that given the rising costs of subsidising Chinese migrant labourers abroad, Chinese firms would look into hiring more local labour.²⁷⁸ Therefore, although China's labour practices have been seen as conflictual at the local level, China has sought to respond to Caribbean states concerns on the issue, albeit in line with its own broader interests in either being seen as enabling more corporate responsibility at the local level or reducing its own costs overseas.

Moreover, heightening the difficulties in responding to an apparently conflictual practice, has been Caribbean states constraints in accessing financing on the international market to pursue projects that they deem of relevance to their development. Projects by IFI's have generally been linked to the priority of such institutions in the engagement. As discussed in chapter 4, this fosters the view that such organisations may be focused on a top-down approach to development assistance, and may not respond adequately to domestic priorities. With regards to the Anglophone Caribbean then, "China enjoys a strong bargaining position relative to these countries, whose small market size and limited financing make partnering with Beijing a particularly attractive prospect."²⁷⁹ This has brought about valid concerns regarding the ability of Caribbean governments to negotiate effectively with China in relation to the use of its own labour in investment practices.

However, there has been an attempt by select Caribbean governments to negotiate directly with China on the issue of Chinese labour in the region. In 2017, the Jamaican government launched discussions with China to formulate plans for training local workers to undertake more technical and other roles in Chinese projects. This was done with a view towards reducing the importation of Chinese workers.²⁸⁰ While the employment of local labour is likely to continue shaping responses to China's economic engagement, Chinese commercial actors technical expertise and skills will continue to be vital for implementing its various investments in the Caribbean region.

2.2 Chinese firms and challenges to local content in the Caribbean

The presence of Chinese firms and its effects on local content within the Caribbean region have brought about particular responses from both local firms and the media. More immediate concerns

²⁷⁷ <https://www.thedialogue.org/blogs/2014/04/chinese-firms-to-localize-labor-in-latin-america/>

²⁷⁸ <http://www.trinidadexpress.com/news/Firms-pledge-More-jobs-for-local-workers-210721001.html>

²⁷⁹ <https://chinaandlatinamerica.com/2014/04/03/chinese-firms-to-localize-labor-in-latin-america/>

²⁸⁰ <http://www.clintonlindsay.com/2017/07/20/the-jamaican-government-has-started-discussions-with-chinese-investors-about-importation-of-workers/>

have been expressed by firms that they have not readily benefited from the knowledge and skills transfer that can be an inherent part of FDI activity within respective states. This is seen to have an impact on the competitiveness of various local firms. This brings about concerns pertaining to the inability of various political elites to foster the interests of local businesses in negotiating with China especially given the power differentials within the engagement.

The issue of a lack of local content in Chinese investments has been addressed in various media reports across Caribbean states. In the case of Trinidad, the award of a contract estimated at \$ 1.6 billion to build the Arima hospital funded by China in 2013, led to heavy criticisms. Certain local firms and particular members of the public criticised the government for failing to deliver local content on such projects by China.²⁸¹ Similar concerns have been raised in Jamaica. Thus local construction firms have viewed the near constant engagement of China's SOE's in various infrastructure projects in Jamaica as having a negative impact on local firms.

This has led some to challenge the bidding process put in place when dealing with infrastructure investments from China. Thus in April 2017, the head of a construction firm in Jamaica criticised the prevailing practices within Jamaica in relation to Chinese companies. Thus noting, "When you invite Chinese companies to bid against local contractors, you are asking the local contractors to bid against the government of China because all of these companies are agencies of the government of China."²⁸² While Chinese officials,²⁸³ have defended the use of Chinese firms by indicating that their competitiveness has been a factor in the award of contracts, this has not necessarily prevented concerns from being raised with regards to China's modus operandi in infrastructure investments.

Economic agreements with the Chinese government often stipulate the employment of Chinese firms and as such, the view has been that even when bidding is undertaken, there is no guarantee of advantageous outcomes for local firms or even competitive ones. In Trinidad, the government came under scrutiny for accepting a very high bid of \$ 1.6 billion from China Railway Construction to construct the Arima Hospital while rejecting lower bids from other contractors.²⁸⁴ In 2017,

²⁸¹ <http://www.guardian.co.tt/news/2013-10-06/chinese-firm-picked-tt-project-faces-corruption-probe>

²⁸² <http://jamaica-gleaner.com/article/lead-stories/20170423/stop-blaming-us-chinas-ambassador-jamaica-rejects-claims-unfair>

²⁸³ Ibid

²⁸⁴ <http://www.guardian.co.tt/news/2013-10-06/chinese-firm-picked-tt-project-faces-corruption-probe>

reports suggested that there were at least fifteen (15) Chinese companies operating in the construction sector in Jamaica.²⁸⁵ It was felt that this created a situation whereby local firms were effectively rendered less competitive especially given that such companies benefited from advantages such as cheaper material and construction costs on the basis of various concessions put in place by government.

While these concerns appear valid and have prompted a raft of criticisms regarding the lack of local content in Chinese investments more broadly, the issue of Caribbean states weaker bargaining position vis-à-vis China may not necessarily be overlooked. Despite the possible disadvantages in the economic interaction, in return for perceived positive impacts from Chinese investments in the long term, Caribbean elites have shown some willingness to negotiate even on terms that have been deemed unpopular in the public realm. As seen in chapters 4 and 5, China has increased foreign direct investments in Caribbean states substantially since 2005 and has become a critical economic actor in the region, notwithstanding the constraints posed in the engagement at the local level.

However there is evidence that Caribbean states and China have attempted to address constraints in the engagement. In the case of China, policies and standards for SOE enterprises engaged in overseas projects have been formulated. For instance, China's National People's Congress has promoted laws governing labour rights which apply to SOE's as well as private enterprises (see Zimmerman, 2007:3) In terms of the Caribbean, there is burgeoning evidence that respective states are advocating for more local content. Trinidad has attempted to promote the idea of local content in terms of FDI, and has recently put in place legislation on this issue. The *Public Procurement and Disposal of Public Property Act No. 2015*, is partly aimed at promoting local content in terms of FDI. However, it is still unclear as to whether this will involve tangible changes at the local level in promoting more local content from Chinese firms in the local economy.

2.3 Chinese firms practices contravene labour laws in the Caribbean?

In gauging the conduct of Chinese firms within the Caribbean region, emerging debates have centered on the extent to which Chinese firms have adhered to domestic and international labour norms and standards in the region. This has led to claims regarding possible exploitation of workers

²⁸⁵ <http://www.tribune242.com/news/2017/aug/28/insight-a-word-to-the-wise/?opinion>

by Chinese companies within Caribbean states. As already stated, labour laws and contingent workers rights are fairly well entrenched within the local context in the Caribbean region. As such existing legislation provide a sufficiently comprehensive framework for responding to alleged malpractices by corporate actors.

Once on the ground in the Latin America Caribbean region, whether cognizant of it or not, Chinese companies become legal entities that are subject to oversight by governments in the state where they operate (Ellis (2014:155). The legal frameworks within the domestic context or the international standards applicable at the national level, then become important instruments for mediating and resolving conflicts which result from native workers grievances or those from China operating within the local context. This relatively strong legislative environment have also encouraged Chinese workers to utilise the favourable and open climate for labour protection within the region to affirm their rights to adequate labour standards.

The disputes concerning Chinese companies' economic practices within the Caribbean region have revolved around work conditions, adequate compensation and fair remuneration in accordance with labour standards in the region. The responses to Chinese activities within the domestic context involve a multitude of actors including government institutions, trade unions and workers. For instance, in Guyana workers protested health and safety regulations at a Chinese owned bauxite mine. The response from the government was to engage in mediation in an effort to encourage adherence to local labour laws. In light of workers protests, Guyana's Minister for Social Protection, Simona Broome, sought to address workers complaints by visiting the operations.²⁸⁶

In Jamaica, trade unions have periodically protested working conditions at Chinese construction sites. They have also pressured the government to respond to seemingly unfair trade practices by Chinese companies in an effort to encourage such companies adherence to minimum labour standards. In 2017, one such protest prompted a response from Jamaica's Prime Minister, Andrew Holness, who sought engagement with Chinese officials on the issue in an effort to promote Jamaican workers interests.²⁸⁷

²⁸⁶ <http://www.inewsguyana.com/horrendous-working-conditions-exposed-at-bosai-linden/>

²⁸⁷ http://www.jamaicaobserver.com/news/gov-8217-t-starts-discussions-with-chinese-investors-about-importation-of-workers_105137?profile=1470

Chinese workers have also utilised the various freedoms enshrined in labour laws in the Caribbean region to protest their working conditions with Chinese SOE's operating within the region. In 2014, Chinese labourers in the Bahamas engaged in public protest on their lack of pay on the multi-billion Baha Mar hotel project.²⁸⁸ The treatment of Chinese workers on the Baha Mar project prompted claims that the company was in gross violation of international and local labour laws. Among the concerns expressed was that identity documents of workers were said to be held as a means of controlling their movements.

These alleged breaches of conduct in relation to labour laws, prompted the Grand Bahama Human Rights Association to ask the Government of the Bahamas to intervene on this issue.²⁸⁹ The issue also gave rise to discussions within the Bahamian Parliament on the contravention of laws relating to human rights by the respective Chinese SOE in relation to Chinese labour on the island.²⁹⁰ Protests by Chinese workers in the Caribbean are not new. In 2009 in Trinidad, about 100 Chinese workers protested outside the site of China's SOE, Beijing Liujian Construction Corporation, based on what they deemed to be appalling working conditions and no pay.²⁹¹

Moreover, within the Caribbean context, the familiarity with more western led economic practices versus that of China's, do have an impact on how challenges have been perceived at the ground level. There is an underlying view that Chinese economic practices need to be more in line with that of traditional actors, especially in terms of China's labour practices. In responding to Chinese economic practices in the construction industry, an area of extensive Chinese engagement, the president of one of Jamaica's trade unions challenged China's labour standards as one diametrically opposed to that of western actors acting in similar environments. Thus stating "We have a Joint Industrial Council (JIC) for the building and construction industry that has stood the test of time...The French people, they honoured the JIC agreement to the letter...The French contractors did not treat the unions and the workers like how the Chinese are treating the workers."²⁹²

²⁸⁸ <http://newsinfo.inquirer.net/618465/chinese-workers-in-bahamas-launch-protest-over-wages>

²⁸⁹ <http://m.tribune242.com/news/2017/mar/20/activists-call-probe-withheld-passports/>

²⁹⁰ <http://www.tribune242.com/news/2017/mar/16/bosses-withheld-chinese-passports/>

²⁹¹ <http://www.clb.org.hk/en/content/chinese-construction-workers-protest-trinidad-and-tobago>

²⁹² http://www.jamaicaobserver.com/news/-8216-total-disgrace-8217-trade-unionist-likens-labour-standards-on-chinese-backed-local-projects-to-slavery_108787?profile=1338&template=MobileArticle

The view that Chinese enterprises economic practices have challenged labour regulations within the Caribbean have shaped responses at the local level. The extensive use of Chinese workers in economic activity has often been seen to not only affect local labour in terms of employment opportunities. The practice has also been seen to challenge rules and regulations pertaining to labour in the Caribbean. Such tensions are not necessarily attributed Caribbean states economic engagement with traditional actors like the US and neither are they seen as the norm in economic practices by western states in the Caribbean. And such views can exacerbate distrust in Chinese economic practices particularly as it relates to labour standards within the region.

Moreover, the seeming difference in western actors practices versus that of China's can be rooted in existing regulations established by home countries of western multinationals. This can affect how operations are carried out within the local contexts where such entities operate. Thus guiding their actions within domestic environments overseas to some extent. However as already stated, China's pursuit of its economic interests despite the underlying views on the ground, is very much akin to that of western commercial actors, despite perceived differences.

The perceived lack of adherence to international and local labour standards may be partly related to China being a fairly young player in the economic internationalisation process within the Caribbean compared to western actors. As such, these companies are still gathering relevant expertise and awareness of operating in diverse environments like the Caribbean region where labour laws are more entrenched. As pointed out by Jing Gu (2009: 583), "China's dramatic economic growth came with a highcost with corporate social responsibility a lower priority for Government in the past and, consequently, it has not really figured in China's enterprise culture."

As Chinese firms globalise, they are gaining experiential knowledge and consequently undertaking a level of professionalisation in terms of labour in line with their western counterparts. As such, they are amenable to pursuing changes that would satisfy the domestic contexts within which they operate. For instance, in 2013, China's Ministry of Commerce issued guidelines for encouraging inter alia, social responsibility. The guideline included 22 comprehensive provisions for corporate responsibility that Chinese companies should take into account when they operate overseas.²⁹³

²⁹³ <https://www.bsr.org/en/our-insights/blog-view/new-guidelines-for-chinese-companies-operating-abroad>

3. Caribbean States responses to environmental challenges in China's economic activities

This section focuses on consequent government responses to perceived threats to environmental standards within Caribbean states. The section examines Caribbean states responses regarding China's corporate practices and its perceived effects on environmental norms in two Anglophone Caribbean states, Jamaica and Guyana (see subsections 3.1 and 3.2). The conflicts generated on the basis of Chinese companies activities in the region do not necessarily point to the norm in Chinese companies economic engagement at the ground level. But while these are exceptional cases, they highlight the perceived challenges in the engagement and subsequent responses of Caribbean governments. They also shed light on the role of domestic and external actors in instigating pressure within the local context, in an effort to mitigate against the possibly adverse effects of China's corporate practices within the region.

Contravention of local environmental laws have been brought to the fore in relation to China's corporate activities in the Caribbean region. At times, perceived challenges with Chinese investment encompass views that Chinese companies may not necessarily adhere to environmental standards within various Anglophone Caribbean states. Thus environmental constraints with regards to Chinese economic activities within specific Caribbean states permeate the media's discourse on China's commercial presence in the region. Such portrayals often attempt to galvanise public support and place pressure on government in an effort to curtail possible environmental risks from corporate practices.

However, environmental problems may be linked to the specific economic sectors within which Chinese enterprises operate as certain activities carry more environmental risks than others. Challenges also appear to be connected to differentiated government responses to the possible environmental risks in Chinese corporate practices at the domestic level.

In domestic environments where environmental regulations have been more vigorously reinforced, Chinese companies have been willing to meet them. In certain instances, Chinese companies may not necessarily be focused centrally on environmental standards in their operations due partly to unfamiliarity with the domestic regulatory context. In other instances, Chinese enterprises may find ways of circumventing existing environmental rules according to media accounts. This can fuel debates pertaining to Chinese firms lack of corporate responsibility within the local realm.

However, such claims are by no means indicative of generalisations pertaining to Chinese enterprises inability to meet environmental standards in the Caribbean region.

Possible environmental threats related to China's corporate activities, is based not on the lack of regulatory environmental frameworks across the Anglophone Caribbean, as these are fairly well consolidated across the region. In the 1990s, each of the natural resource states in the Caribbean, namely; Jamaica, Guyana and Trinidad, passed a National Environmental Policy Act. This was designed to balance economic development with environmental protection. Those acts are subject to revisions for continual protection of the environment. Guyana passed its first National Environmental Action Plan (NEAP) in 1994. Trinidad outlined its National Environmental Policy (NEP) in 1998. The Jamaica Government passed the Jamaica National Environment Action Plan (JaNEAP) in 1999. Moreover, across the Anglophone Caribbean, various government ministries are dedicated with the task of preserving and managing environmental threats from economic and social activities.

National environmental policies are also supplemented by international environmental standards within the Caribbean region. International financial institutions such as the World Bank, the Inter-American Development Bank and the Caribbean Development Bank, all impose environmental standards on infrastructure projects and other investment flows. As seen in chapter 4, these are key western dominated institutions that play an integral role in financing within the Anglophone Caribbean.

These western- led institutions issue various environmental guidelines to assess and minimise environmental risks in relation to projects within the Latin America Caribbean region. These institutions also gauge the social impacts of the projects to which they dedicate funding. The World Bank has been implementing safeguard policies to its loans for infrastructure investments in the Caribbean and elsewhere since the 1990's.²⁹⁴ The IADB has Environmental Safeguards and Compliance Guidelines that are applicable to its loans to governments in the Caribbean.²⁹⁵ As such projects financed by these western -backed financial institutions involve feasibility and impact studies which are undertaken prior to project implementation.

²⁹⁴ <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework/brief/environmental-and-social-standards>

²⁹⁵ <https://www.iadb.org/en/about-us/sustainability-and-safeguards>

Given that such regulatory frameworks are fairly well established across the Caribbean region, infrastructure projects by China also involve feasibility and impact studies to assess environmental risks. For instance in Trinidad, major development projects including those funded by China, have to attain a certificate of “environmental clearance” and “environmental impact assessment” from Trinidad’s Environmental Authority. These seek to prove the sustainability of the intended project. In instances where projects involve coastal lands, clearance has to be obtained from Trinidad’s Institute of Maritime Affairs.²⁹⁶

Consequently, the discussions below will examine environmental challenges in two Anglophone Caribbean states, Jamaica and Guyana. It will focus on the responses to China’s economic activities at the domestic level and the subsequent management of constraints in terms of environmental risks from Chinese economic activities.

3.1 Guyana: environmental challenges and responses

Given the higher environmental risks associated with economic sectors like forestry in Guyana, Chinese companies activities in this area have been perceived as a threat to the environment. Thus in the timber industry, there has been concerns expressed regarding the unsustainable exploitation of Guyana’s forestry resources by Chinese companies.²⁹⁷ Particular companies have been perceived to act indiscriminately with very little regard for the national environmental protection laws of Guyana. The practices of Chinese company, Bai Shai Lin, in particular, have prompted questions regarding China’s corporate practices at the ground level in such an environmentally sensitive sector. Bai Shan Lin, has been part of a group of eleven Chinese forestry companies operating in Guyana under the China Forest Industry Group (Hong Kong). These companies were provided with logging concessions in Guyana, covering a total area of 960,000 hectares according to reports.²⁹⁸ In 2006, Chinese logging company Bai Shan Lin Forest Development Inc. was granted permission to harvest and transport logs from Guyana for processing in China.

Aside from obtaining very extensive concessions from the government of Guyana, the company was said to engage in practices contrary to the rules which regulated the logging industry. It has

²⁹⁶ Republic of Trinidad and Tobago, The Environmental Management Act, 2001

²⁹⁷ <https://www.opendemocracy.net/democraciaabierta/janette-bulkan/in-guyana-future-of-forests-and-rule-of-law-hangs-in-balance>

²⁹⁸ <http://www.redd-monitor.org/2013/04/23/above-the-law-how-chinese-logging-firm-bai-shan-lin-operates-in-guyana-with-the-support-of-bharrat-jagdeo/>

been alleged that the company engaged in several dubious business practices which had a direct impact on the environment. For instance, in order to meet the demand for Guyanese timber in China, reports suggest that Bai Shan Lin attempted to circumvent environmental protection laws. Thus the company sought to get around its logging quotas by purchasing from small loggers associations and exporting under their names.²⁹⁹ In doing so, Bai Shan Lin is said to have encouraged even more unsustainable exploitation of Guyana's natural resources. The Chinese company was also accused of engaging in prohibited "venture agreements" by Guyana's Forestry Commission. The prohibited practice involved leasing land from other parties to further its timber quotas. Such a practice is incongruent with Guyana's "landlording" laws.³⁰⁰

In relation to the case, the media viewed the response of the government of Guyana as inadequate. Such sources cited a lack of transparency in government dealings with the company. Officials were accused of overlooking the company's multiple infractions. In 2014, Guyana's President, Donald Ramotar, defended the company's actions at a press conference by noting that "none of Guyana's laws with regards to logging are being contravened in the case of Bai Shan Lin."³⁰¹ Despite this initial stance, eventually the government of Guyana, albeit impacted by media and public pressure, moved to remove concessions from Bai Shai Lin on the basis of the company's failure to fulfil the terms of its investment agreement in 2016.³⁰²

But while constraints emerged due to that particular company's operations in a high-risk sector, this case is not indicative of Chinese companies inability to obey environmental laws in Guyana. Moreover, there have been indications that the Chinese government has sought to promote environmental protection regarding its companies activities in Guyana. In 2017, the government of Guyana and China announced plans to pursue strategies for promoting a "green economy." The decision was also in line with China's thirteenth five-year plan (2016-2020), aimed at pursuing sustainable energy as well as forest protection.³⁰³

²⁹⁹ <https://dialogochino.net/7173-bai-shan-lin-the-chinese-logger-with-multiple-interests-in-guyana/>

³⁰⁰ "Landlording is a practice whereby a legal holder of a forest harvesting concession gives up managerial control and rents it out to another enterprise". It is said to be prohibited under Guyana's national laws. For instance, under Guyana's Forest Regulations 1954, [regulation] 12 stipulates that 'No transfer of any lease or timber sales agreement shall be made by any forest officer without the prior approval of the President where such lease or timber sales agreement grants exclusive rights to any person over an area estimated to exceed three thousand acres or is for an unexpired period exceeding three years.'

(<https://www.stabroeknews.com/2014/opinion/letters/09/18/forestry-commissions-attitude-towards-law-casual/bai-sha-lin>)

³⁰¹ <https://www.stabroeknews.com/2014/news/stories/08/16/president-defends-bai-shan-lin-says-excess-logging/>

³⁰² <http://demerarawaves.com/2016/09/07/gfc-scraps-baishan-lins-forest-concessions-moves-to-recover-debts/>

³⁰³ <https://guyanachronicle.com/2017/01/04/guyana-looks-to-china-in-achieving-green-state>

More broadly, what emerges from this unique case is that Caribbean states, do attempt to display a level of agency in relations with China despite underlying asymmetries and domestic constraints. Thus this company constituted a least likely case, designed to illustrate how Caribbean states through a multiplicity of actors, do shape responses regarding China's corporate activities, should challenges arise. Responses to China's corporate practices are often multifaceted in that varying actors seek to structure and influence government responses, thus promoting their own aims in the interaction.

3.2 Jamaica's Goat Island: environmental constraints and responses

The Goat Island project has been very much reminiscent of the environmental and strategic tensions in economic interactions with China at the domestic level in the Caribbean. It also illustrates how a multitude of actors in the domestic realm including those at the official level as well as external actors, seek to fuel debates on China's economic practices at the ground level and in doing so, shape responses to China's economic activities within the immediate context. Moreover, it illuminates how Caribbean states economic engagement with China has broader implications for the US role in the Caribbean given the region's strategic position.

As discussed in chapter 3, maritime infrastructure has been an important area for China's economic engagement in the Caribbean. In 2012, the Government of Jamaica announced that the China Harbour Engineering Company (CHEC) was interested in building a new transshipment port facility in Jamaica to accommodate expanded transshipment services through the Panama Canal. Then Minister of Transport and Works, Dr. Omar Davis, suggested that the project was designed to capitalise on Jamaica's strategic proximity to significant international shipping lanes which connected Asia, the US and South America.³⁰⁴

However, while a non-binding MOU was signed with CHEC to develop a specific area for the transshipment port in Jamaica, the representatives of CHEC returned to the Government of Jamaica with a new proposal for another site through which to develop the proposed facility. The reasoning from the Chinese representatives was that based on their own plans, the area proposed by Jamaica was not suitable. Goat Island, which is a marine protected area due to indigenous wildlife, was cited as the preferred option. Shortly thereafter, the Jamaica Environmental Trust

³⁰⁴ <http://www.dredgingtoday.com/2012/04/27/jamaica-minister-provides-update-on-major-infrastructure-projects/>

made its opposition to the project known to the Jamaican Government in 2013 and 2016.³⁰⁵ The framing of ideas again revolved around Chinese corporate interests having very little regard for the environment.

The project also raised concerns within major US media outlets regarding the perceived environmental cost in allowing such a development to take place in Jamaica. On April 22nd, 2014, *National Geographic*, carried an article entitled; “*Saving Goat Island*.” The said article raised key questions as to why China’s SOE was so focused on that particular site. Thus the article concluded; “One of the largest questions surrounding the proposed project is, why, when alternative sites such as the existing Kingston Harbour exist, has Portland Bight Protected Area been chosen?” The well-known US media network, CNN on July 22nd, 2014, claimed that with regards to the Goat Island Development, Jamaica was “*Selling out its Paradise*.”³⁰⁶

Coincidentally, Goat Island was also a former US military base which was leased to the US government by the UK for a period of 99 years.³⁰⁷ Thus for some, the Goat Island project highlighted not only the environmental impact of the project but also the underlying geopolitical dynamic inherent within the Caribbean region. US officials also raised their own concerns regarding the possible impacts of China’s corporate activities on Goat Island. Thus the US Embassy, reached out to Washington to clarify whether Goat Island was still retained by the United States government under the terms of the treaty under which it was initially ceded to the US by the British.³⁰⁸ The decision to wade on this issue by the US Embassy, does highlight broader concerns regarding economic practices at the ground level by China’s corporate actors.

However, despite the promise of thousands of jobs to be brought by CHEC, in 2016, the government of Jamaica undertook the decision to rescind on the Chinese offer of billions in investments due to the perceived environmental cost of the Goat Island project. This issue highlights the complex constraints involved in Chinese economic practices within the Caribbean region. It also illustrates how internal and external factors can converge to influence responses to China’s economic practices within the Caribbean region.

³⁰⁵ <http://jamaica-gleaner.com/article/news/20160923/environment-trust-happy-goat-islands-spared-govts-transshipment-plans>

³⁰⁶ <http://edition.cnn.com/2014/07/02/opinion/townsend-jamaica-iguana/index.html>

³⁰⁷ http://www.jamaicaobserver.com/news/No-claim_15083234

³⁰⁸ <http://jamaica-gleaner.com/gleaner/20130913/business/business5.html>

4. Conclusion

While Caribbean states have mainly viewed China as a positive force for economic development, like many developing states, the Caribbean region has had to consider the extent that certain economic practices can be an impediment to achieving maximum benefits from the economic interaction. Therefore, even while relations have been generally convivial, it may be said that there has been a level of tension in Chinese commercial activities at the ground level. China's corporate practices in relation to labour and environmental issues have shaped more immediate responses from the public realm as well as the media within the local context. Such mediums have also attempted to influence government responses to China's entrepreneurial activities in the Caribbean region.

Moreover, the power differentials between the Caribbean and China have prompted broader concerns regarding the extent to which Caribbean states can effectively respond to China's corporate activities. While this is a valid concern in small states interactions with leading and emerging economic actors, power asymmetries may not necessarily be equated with the inability of Caribbean states to protect the domestic space in terms of possibly adverse economic practices by China's corporate actors. Decision-makers in the Anglophone Caribbean act within a complex environment. This can shape responses to economic practices at the domestic level. As seen, decision-makers operate in a largely democratic realm and this subjects them to intermittent domestic pressures by both state and non-state actors. As discussed, within the Caribbean region, there has been a complex web of domestic and external actors which have sought to influence responses to China's corporate activities, especially in instances where China's business entities may be seen to act counter to environmental rules or labour laws. Responses to China's economic practices have also been guided by the fairly well developed legislative frameworks for labour and environmental protection within the Anglophone Caribbean. Such elements have created a space for more informed decision-making in relation to China's commercial engagement at the ground level.

But while Caribbean states have sought to respond to and manage China's economic practices at the domestic level, doing so has not necessarily meant that they have effectively transcended and mitigated the common problems associated with China's development aid in developing states. While China has facilitated the internationalisation of Chinese labour and domestic firms within

diverse economic contexts such as the Caribbean region, there has been limited input from local firms and actors. This has given rise to concerns within the public realm and the media. Thus it has been claimed that the knowledge and skills transfer inherent in FDI activities have lessened in engagement with Chinese enterprises.

Additionally, possible environmental problems in the engagement, have also shaped responses to China's corporate practices. However, this issue in particular, is tied to differentiated government responses across various Caribbean states and the particular economic activity carried out by Chinese enterprises. Notwithstanding, the cost of engaging China versus other traditional actors like the US, have been seen to rise considerably, especially when accounting for China's labour practices within the region.

However, as discussed, China has demonstrated sensitivity to the concerns within the Caribbean region at the official level. Discussions have ensued with a view to addressing issues in the engagement. Although there may be a divide between rhetoric, policy and practice, China is still a young economic player in developing states when compared to traditional economic actors. Thus it is still learning in the process of its internationalisation practices. China has played a tremendous role in areas such as financing in the region and its economic contributions to Caribbean states can be said to have promoted more goodwill than contention in the relations thus far.

Chapter 8: Perceptions Mediating Caribbean States Relations with China

Introduction

This chapter focuses on perceptions as an intervening factor influencing the Caribbean and China relationship. It examines how and why perceptions are instrumental to unpacking the Caribbean and China dynamic. In examining the intervening variables shaping the Caribbean region's foreign policy towards China, prior chapters focused primarily on policymaking and domestic economic considerations. While these are critical to understanding the patterns of continuity and change in Caribbean states relations with China, ingrained in the interaction are underlying perceptions regarding the evolving ties between Caribbean states and China. As argued by NCR adherents and FPA proponents, ideas have a key role to play alongside structural and material factors in influencing the foreign policy process (see Wholforth 1993; 1987, Christensen; 1996, English; 2002).

The analysis in a sense returns to where the thesis began in terms of the geopolitical significance of the Caribbean region in relation to the US. Embedded in the relations between the Latin America Caribbean region and China are ideas linked with the region's strategic position. China's rising influence in an area that has traditionally been considered part of the US hegemonic sphere, invariably gives rise to a particular set of precepts relating to the engagement.

Within the discourse on the Latin Caribbean region's interaction with China, two strands of the China threat thesis may be discerned drawing from the broader literature (see subsection 2.2). These revolve around the geopolitical and economic dimensions of engagement. In terms of the economic dimension of threat perceptions, given that substantial attention has already been paid to the domestic economic dynamics shaping Caribbean states relations with China, the objective here is not to focus extensively on such issues. Therefore, the intention is not to reiterate the challenges inherent in small states engaging an emerging global economic actor which in turn promotes perceptions of threat given the underlying power asymmetries.

The Caribbean region's geopolitical structure at times fuel particular images of China as a "threat" to US interests in the region. In focusing on threat perceptions based on the geopolitical dimension of the engagement, a central underlying theme within the discourses is that due to the Caribbean

region's strategic position, China's role has implicit and explicit consequences for US influence in the region. Perceptions of "strategic threat" are then linked to the structural context of the Caribbean region's engagement with China. As already indicated in chapter 1, the region's relations with China is not necessarily a linear interaction involving the Latin America Caribbean region and China at each end. Rather, it entails a triangular facet whereby the US role in the region is often considered an inseparable part of the dynamic.

Interrogating threat perceptions is particularly important. Doing so facilitates a more informed rather than speculative interpretations of Caribbean and Latin American states relations with China especially given the very limited empirical and normative basis for perceptions of China as a threat to US interests in the Caribbean region. The chapter does not necessarily overlook the function and salience of threat perceptions in Caribbean states relations with China or that of Latin America's with the latter. Rather, the chapter seeks to engage with those precepts by probing such notions more critically.

The chapter argues that perceptions of threat linked to an underlying strategic discourse are overstated within the current context of the relationship between the Caribbean region and China. Such perceptions not only ignore the critical underlying diplomatic and economic elements that drive the Caribbean's relationship with China, but also overlook the extent to which those very dynamics promote perceptions of opportunity, rather than threat, in the region's engagement with China.

The chapter is divided in two sections. The first section aims to examine the role of perceptions in the Caribbean region's relationship with China through the lens of FPA and NCR. The second section seeks to examine why perceptions of threat are inconsistent with China's engagement in the Caribbean and Latin America.

Much of the debate which focuses on China's rise in the region as one diametrically opposed to US interests, fail to adequately examine the actual engagement between the Caribbean region and China within an empirical and normative framework. Strategic threat perceptions overlook the critical underlying diplomatic and economic elements that drive the Caribbean and Latin America's relations with China. Thus overlooking the extent to which these elements promote

perceptions of opportunity, rather than threat. Perceptions of strategic threat are also undermined by examining more strategic issues such as military assistance by China within the Caribbean region. Rather than engaging in strategic endeavours, cooperation has been largely predicated upon providing technical assistance in line with the region's national security priorities.

Moreover, the discourse on the possibility of China as a strategic threat in the region also tends to underestimate the internal constraints to the rise of alternative powers within the region. Caribbean and Latin American states are largely part of a liberal hegemonic order led by western states. Western powers influence have been almost consistently consolidated and reinforced within the space through varying periods. This may hinder various counter-hegemonic strategies either through external or internal means.

The chapter contributes to illuminating how and why perceptions are an important analytical tool for explaining the evolving relationship between Caribbean states and China. More broadly, the analysis also contributes to the nascent literature on China's rising influence in the Caribbean and Latin America by seeking to move beyond perceptions of strategic threat in the region's growing interactions with China. In attempting to interrogate the claims of strategic threat, it seeks to challenge underlying assumptions of China's rise in the Latin America Caribbean region drawing from empirical and normative evidence. Thus subjecting such suppositions to more critical assessments.

Section 1

This section examines the role of perceptions in foreign policy behaviour in accordance with FPA and NCR and helps set the context for discussions in section 2.

2. Significance of perceptions in NCR and FPA

Perceptions are a key variable in analysing foreign policy behaviour in accordance with the NCR and FPA approach. Perceptions are linked to three major interacting themes which are regarded as salient in understanding foreign policy behaviour; perception of relative power, perception of threat and perception of opportunity. Such perceptions rests on decision-makers images and ideas of the international and domestic structures within which they operate.

Under the FPA approach, it is asserted that belief systems, attitude, cultural characteristics, interpretations of historical events or contemporary phenomena, all lead to subjective inferences and particular images being rendered in relation to the foreign policy. The significance of perceptions in FPA is articulated by Hudson (2005: 1) who posits, “understanding how humans perceive and react to the world around them, and how humans shape and are shaped by the world around them, is central to inquiry in International Relations.” Authors such as Goldstein and Keohane (1993) also examine the pertinent role that ideas play in formulating preferences and influencing outcomes in the foreign policy process.

In examining how perceptions play a role in foreign policy, adherents of NCR theory such as Lobell *et al* (2015: 62), acknowledge, “people possess a set of core values, beliefs, and images that guide their interaction with the outside world and their understanding of it.” For NCR theorists, perceptions of decision-makers are the filters through which systemic pressures are interpreted (Rose1998:157).

For developing states such as those of the Caribbean region, in engaging China, perceptions assume a high degree of relevance when evaluating the relationship. Within the Caribbean region, perceptions of China are often structured through images of power, opportunity and potential risks in the interaction. According to Richard K. Herrmann (2013:338), “The pictures people have of other countries become central building blocks in their identification of the threats and opportunities their country faces. These images of others can become assumptions that are so taken for granted that they produce routinized habits that define basic parameters of what is seen as in a country’s interest or contrary to it.”

The Caribbean region’s relationship with China is occurring with a perceptual framework which is an important element in analysing Caribbean states relations with China. Under the FPA and NCR approach, Caribbean’s relations with China brings into play particular perceptions of relative power, threat and opportunity in the Caribbean China dynamic. The table below provides a map of the perceptions in the relationship which will then be examined.

Figure 8.0: Mapping perceptions in the Caribbean and China Relationship



2.1 Perceptions of power, threat and opportunity in Caribbean states relations with China

Firstly, perceptions of relative power revolve around China's economic power and US power, interacting if not in opposition to each other, then at least in tandem, in a space of immense geopolitical significance due to the Caribbean region's proximity to the US and the economic utility of its strategic maritime spaces. China's rise and the power manifestations of such rise has been postulated upon extensively in the literature (Shambaugh; 2016, Breslin; 2009, 2016, Samuel S. Kim; 1998, 2015, Kurlantzick; 2007). Perceptions of relative power as it relates to China is confined not only to considerations of China's economic strength and the opportunity for mutually beneficial engagement between Caribbean states and China. Given the Caribbean's geostrategic significance in relation to the US, ideas of China and US power are likely to be part of Caribbean decision-makers perceptions in terms of the evolving relationship with China.

Decision-makers have to contend with the idea of a rising China in the Caribbean interacting with the traditional dominance of the US in the region. Rose (1998: 147) acknowledges, "Foreign policy choices are made by actual political leaders and elites, and so it is their perceptions of relative power that matter, not simply relative quantities of physical resources or forces in being." Therefore, how increased engagement with a rising economic power can directly or indirectly impact on US perceptions of its interests in the region, is integrally tied to perceptions of relative power. Although not always the most significant driver in the relationship, such perceptions of

relative power involving the US and China, is an underlying element that may not be entirely discounted in the ongoing Caribbean China interaction.

Perceptions of relative power as it relates to Caribbean states engagement with China and the subsequent US role, also operates within a historical, sociopolitical and economic context which can influence decision-making. As explained by Levine (1994: 34), elites operate through both “formal and informal ideology.” The latter is often unstated but is informed by a particular thinking about reality which then impacts on the way actors not only perceive the world, but how they act towards it. In expanding ties with China, reflections on the region’s geostrategic position, is not always absent from decision-making vis-à-vis China.

Mindful of historical knowledge, past experiences and contemporary manifestations of US power in the Caribbean region, how decision-makers implement policies with regards to China is likely to be an ongoing consideration in the relations. For instance, in the Post-Cold War era, there has been mostly benign manifestations of US power in the Anglophone Caribbean. However, US power can also bring to bear economic, social and political pressures on Caribbean states decision-making in ways that constrain decision-makers.

Elite decision-makers within the Caribbean region are operating within a perceptual environment guided by imperfect information where neither China’s intentions or US thinking on China’s motives in the region, has been clear-cut. As such perceptions of relative power in relation to the US and China, notwithstanding significant power shifts, especially as it relates to the latter, matters thus far in the Caribbean and China dynamic.

Moreover, given the weakness of Caribbean states in the international system, perceptions of relative power also revolve around the perceived power imbalance between China and small Caribbean states. Consequently, the extent to which such states can effectively negotiate and address their interests in relations with China, have been an underlying concern in the ongoing dynamic.

Secondly, perceptions of relative power also shape perceptions of threat in the Caribbean’s relationship with China. In an early, but nonetheless, quite relevant discussion on threat perceptions, J. D Singer (1958: 94) observes, that threat perception results from an actor’s

estimated capability and intent. With regards to Caribbean states relationship with China, threat perceptions may be viewed through more strategic lens given the critical US factor in the region. Schweller (2006: 38) note that there are three elements to perceived threats; actual, potential and imagined. Actual threats result from clear signals of intent from actors. Potential threats are that which can be, “inferred from factors or situations in the external environment or the capability of the opponent that may materialize into a danger.” Imagined threats may be plausible to the observer but is not necessarily supported by objective reading of available evidence.

In less strategic terms, threat perceptions may redound to economic asymmetries which may heighten states vulnerability in relation to other states in the international system. In the Caribbean and China relationship, perceptions of threat arise due to the various limitations inherent in small states engagement with China as a rising economic power.

Thirdly, although perceptions of opportunity receive considerably less attention in the literature, it is also integrally linked to perceptions of relative power. Richard K. Herrmann (1985: 37) devotes considerable attention perceptions of opportunity and highlights it as a significant factor which shapes inter-state interactions. The rise of China’s economic power alongside traditional actors represented an opportune moment for Caribbean states. It meant not only a shift in global economic dynamics more broadly. China’s ascent also provided increased maneuvering space for accessing development assistance on seemingly favourable terms. Thus it emerged as a significant partner for developing states beyond traditional actors. As seen in chapter 3, at the dawn of the Post-Cold War period, Chinese and Caribbean leaders converged at the highest levels in pursuit of mutual economic interests. As seen in chapters 4 and 5, post 2005, China’s economic significance increased substantially in the Caribbean region. As argued, in analysing Caribbean states relations with China, it is important to see it as one largely steeped in opportunity based on mutual interests.

2.2 Overview of perceptions in the Latin America and Caribbean and China engagement

Perceptions pertaining to Caribbean and Latin America’s engagement with China is an underlying consideration in the discourse on China’s rise in the region due to such states geostrategic position. Perceptions relating to China’s rise in relation to the US have been part of broader academic discourse (see Breslin, 2013; 2009, Shambaugh 2012, 2013, 2016; Foot, 2009). The intention in this subsection is not necessarily to rehash many of those wider arguments. But rather, the

objective is to examine how the Caribbean and Latin America are situated within the broader debates and to reinforce why perceptions are an underlying intervening factor in Caribbean states relations with China.

Perceptions of threat in particular, derive from a cohesive set of discourses whose underlying concern is how China might possibly utilise its growing economic role in the region to increase its overall influence in the space vis-à-vis the US as the regional and international hegemon. Perceptions of the region's engagement are often highlighted in various strands of the literature including academic works, the media and think tank sources.

Certain scholars have veered towards a more strategic view of China's engagement in the Caribbean and Latin America. Ellis (2014) in an article entitled, "*Strategic Relevance of Latin America for the United States*," expressed some disquiet over China's rise in the region. Ellis argues, "it is unthinkable that a power with global political, economic, and military ties, such as ...China, would allow the United States to engage it in its own region without taking the fight to the U.S. backyard."³⁰⁹ In postulating on the geopolitical position of the region in China's interests, Stefania Paladini (2016: 166) asks; 'Is China using Latin America and the Caribbean to rebalance its relations with the US? Many scholars of international relations and Chinese affairs believe so.' Along similar lines, Dreyer (2006: 2), argues, "Latin America and the Caribbean are crucial to the evolution of the world order that the Chinese leadership would like to see." Others posit that with the rise of Xi Jinping, there has been a more a strategic bent to China's engagement in the Caribbean and Latin America and that China has taken an opportunity to counter the US pivot to Asia under Obama. Cui and Garcia (2016: 24) argue, "Coincidentally, the US pivot to Asia-Pacific was followed by China's twirl to LAC, which has geopolitical implications in the narratives of Sino-US great power politics, considering the rise of China and decline of the United States."

Beyond the academic discourse, less nuanced perspectives on the rise of China in the region is evident at times within selective think tanks and media sources. In 2004, during Hu Jintao's first visit to Latin America, the Jamestown Foundation, entitled it; "*China's Encroachment into America's Backyard*." The geopolitical significance of the region and China's extended economic

³⁰⁹ <https://americanuestra.com/strategic-insights-strategic-relevance-latin-america-united-states/>

influence has also been the subject of other commentaries such as *The Diplomat* who view China's role as having possible consequences for the US in its "backyard".³¹⁰ Nonetheless, such assertions are largely inconsistent with Caribbean states focus on largely south-south development cooperation and consequently, tend to overlook the region's interests in the dynamic.

The more rigid interpretations of China's rise are intuitively seen to give a sense of predictability to China's intentions given its rising power capabilities as well as historical evidence of the strategic dynamics that have unfolded with regards to rising powers in the Caribbean region. As seen in chapter 2, the Caribbean is indeed a sensitive and significant geopolitical space in terms of US interests. The validity of such precepts is rooted in historical evidence as already seen in Chapter 2. For instance, during the Cold War period, the former USSR attempted to utilise the Caribbean to influence various domestic actors which resulted in the Cuban Missile Crisis. This was a defining moment in the Cold War period not only for the region, but globally.

Moreover, threat perceptions can also be embedded within theoretical underpinnings that guide observers thinking on state behaviour. More power oriented theories such as Realism can generate particular expectations about what might likely constitute the external environment in which states interact. However outcomes of actual threat are not necessarily assured even based an analysis of historical events or in accordance with theoretical propositions such as Realism. The latter tend to assume that shifts in the balance of power are more conflictual. The peaceful end to the Cold war also laid bare the inability of Realism to effectively predict state behaviour.

However, these perceived images of threat in the Caribbean China relationship is not necessarily indicative of scholarly consensus on the subject of the "China threat" thesis in the Caribbean and broader Latin American region. Some authors view China as largely steering clear of strategic interests within the space (see Brand et al, 2015; Tokatlian, 2008; Lanxin, 2008). This lack of consensus is partly due to the paucity of evidence that China is a threat economically or geopolitically and the still limited scholarly work on the Caribbean and China dynamic. These claims rely on an image of China as a rising economic power which eventually aims to challenge US dominance within its traditional sphere of influence and in the international realm.

³¹⁰ <https://thediplomat.com/2019/06/chinas-front-door-to-americas-backyard/>

The evidence of the “China threat” as it relates to the US role in the Caribbean is indeed scant and at the empirical level, highly untenable. In examining Caribbean states domestic economic engagement with China in accordance with the empirical evidence in chapters 4 and 5, a more evidence-based picture of China’s economic intent in the Caribbean is uncovered.

The research findings suggest that in empirical terms, a more nuanced view of China’s engagement in the Caribbean is called for. In an effort to counter the more threat driven precepts surrounding China’s rising influence in the region, there is need to go beyond the media images attributing threatening motives to China. There is also need to interrogate more closely the scholarly debates that ensue regarding China’s more strategic intents in the Caribbean.

While images of the Caribbean region strategic position bring about ideas of threat, certain observers see opportunity. Scholars have highlighted how developing states could present opportunities to expand Chinese influence in various regions of the globe (see Boon and Ardy, 2017; Powles, 2016; Lanteigne; 2012, Yang Jian, 2011, Campell, 2008; Alden et al, 2008.) Perceptions of opportunity in relation to the Latin America Caribbean region has also been examined by various sources inside China. For instance, the *China Daily* on June 17th, 2017, called for the Caribbean and Latin America to be re- connected through a 21st century maritime silk road.³¹¹ These ideas are not necessarily new. As early as 2001, China’s president, Jiang Zemin, during a visit to ECLAC headquarters in Chile, called for a maritime silk road in the Caribbean Latin America region.³¹² Such ideas illustrate that China views the region as a means of furthering economic opportunity rather than strategic goals.

Section 2

3. Countering perceptions of threat with perceptions of opportunity

This section draws on normative and empirical evidence to examine why perceptions of threat in Caribbean states relations with China can be argued to be overstated. The section asserts that perceptions of opportunity in both the political and economic realm influence interactions between Caribbean states and China more so, than perceptions of threat. Consequently, it is important to

³¹¹ http://www.chinadaily.com.cn/business/2017-06/17/content_29783952.htm

³¹² <http://www.un.org/Depts/rcnyo/newsletter/nl10/aceclac.htm>

understand how Caribbean states and China have interacted largely on the basis of mutual political and economic gains, notwithstanding underlying constraints in the relationship.

3.1 Political opportunity in Caribbean states engagement with China: Undermining perceptions of threat

While the Caribbean and Latin America's engagement with China has been subjected to perceptions of threat especially within the broader context of the US role in the region and China's rising influence within this geostrategic space, it may be said that perceptions of opportunity more so than threat, determine Caribbean states relations with China. Often in the discourse on perceptions, inadequate attention is paid to how possible gains in the interaction promote beneficial relations between states. Thus, the discourse on perceptions can favour a more pessimistic and Realist driven view of inter-state relations which often contrast with the actual day to day interactions between states. Relations generally tend to be geared towards enhancing cooperation and reducing tensions in a bid to stave off conflict.

Political gains evident in the Caribbean region's interaction with China suggests that much of the strategic discourse on China's rise in the region is overstated. For small states, the rise of China marked a significant shift in global affairs which needed to be accounted for in decision-making in the external realm. As such, Caribbean states increasingly sought to engage China within the economic and diplomatic realm. Likewise, China also sought to derive benefits from the interaction. As seen in chapter 3, in terms of political opportunities, the increased diplomatic interaction between the Caribbean region and China has enabled the latter to pursue its core foreign policy aims in relation to Taiwan. China's more extensive diplomatic role in the Caribbean and Latin America inevitably helps it to play a broader role in the developing world in line with its domestic goals.

Moreover, the Caribbean region's engagement with China also helps promote China's ideals for a more multilateral order. In seeking to further its international status and influence, China has done so along the lines of various ideals including promoting the idea of multi-polarity. The concept of a multi-polar world was officially incorporated by Jiang Zemin into Chinese foreign policy at the 14th Congress of the Communist Party of China in 1992 to support China's stance that a fair, just

and peaceful world is only possible through multi-polarity. By the release of China's first Policy Paper on Latin America and the Caribbean in 2008, Beijing's preference for a multi-polar order was made quite clear. Thus the first sentence of the said paper put forward the idea that the, "The move toward multi-polarity is irreversible...and gaining momentum."³¹³ As Kunsheng (2012:8) argues, "China and Latin America and the Caribbean are important parts of international emerging forces and are positive forces to promote a multi-polar world and the democratization of International Relations."

In seeking to further its status in the international sphere, the Latin America Caribbean region can be beneficial to China as it seeks to co-opt various geographical regions in recognising diversified poles of influence in the international system. This is not necessarily a nefarious goal but simply a means of promoting the presence of a diversified set of leading economic actors in addition to the US that can play a supporting and responsible role in international affairs. As Deng and Wang (2004: 11), acknowledge China's foreign policy interests is driven partly by its sensitivity to its international status and is "characterised by concerns to simultaneously enhance ...and cultivate international legitimacy as a peacefully rising power designed to create opportunities of upward mobility in the emerging international hierarchy."

Developing regions in the Americas, Africa and Asia form an integral framework of support for Beijing's vision of a global order in which there is a diversified set of actors taking on a leadership roles in the international system. Doing so promotes the idea of multi-polarity in that it creates a favourable impression of China's role in the world alongside the dominant role of the US in the Caribbean region. As discussed in chapter 3, Caribbean states have actively facilitated new and expanded ties with China designed to further economic, social and cultural ties. As seen in chapter 3, the Caribbean and Latin America have aided China in promoting its influence internationally through bilateral and multilateral cooperation. In engaging with CELAC, a membership of 33 Caribbean and Latin American states, this has meant a new opportunity for China to engage multilaterally with the developing countries in the Americas hemisphere. The possibilities of benefiting from this bloc of states with an equal voice in the international arena, means that the

³¹³ http://www.gov.cn/english/official/2008-11/05/content_1140347.htm

region can be of significant support in furthering China's goals in the international system as long as aims are of mutual benefit to the parties.

Caribbean and Latin American countries are fairly active in the international sphere as it relates to developing country concerns within the UN and other multilateral fora, thus their support can be of some utility to China in pursuing its broad foreign policy aims in the international system. Therefore, there is some recognition by China of Caribbean states utility in promoting its role in the global realm. Caribbean states have also sought to diversify their relations by expanding ties with an emerging actor in the international system. Thus enhancing China's role within the domestic realm.

3.2 Economic opportunity in Caribbean states engagement with China: beyond threat perceptions

Perceptions of opportunity is very important in examining the Caribbean and China relationship at the domestic level thus far. Caribbean states and China have largely emphasised opportunities in the interaction, thus leading to China's overwhelmingly benign role in the region. Thus, views pertaining to threat perceptions appear untenable when taking into account the economic opportunities involved in engaging China.

Given China's leading economic role in developing countries, China's facilitation of development goals within various Caribbean states have resulted in a strong cooperative framework with China in the Post-Cold War period. Thus, there has been an overwhelming commercial rationale behind the Caribbean and Latin America's engagement with China as a source of trade and financing. China's mercantilist goals in the region has also been evident in the region through much of its engagement. As seen through-out much of the analyses undertaken in chapters 4 and 5, economic considerations have been the driving factor in the region's engagement with China.

In emphasising the gains as well as risks in Caribbean states increasing economic interactions with China, the research findings signify the need to disentangle perceptions of strategic threat from the engagement in favour of a more balanced perspective on China's role in the Caribbean and Latin America. For the Caribbean and Latin America, the idea of China as a threat is actually more multifaceted than that of simply China's perceived strategic rise versus the US in the region. It

encompasses more so, the economic constraints which comes from engaging China at the domestic level.

While the notion of economic opportunity does not necessarily negate controversies as well as risks in engaging China, what is seen instead, is that perceived advantages are thought to outweigh economic as well as strategic threat perceptions in the Caribbean and China relationship. More broadly, the Latin America Caribbean region is an important part of the developing world where China has emphasised its going-out corporate strategy. As seen in chapters 4 and 5, the Caribbean has been a market for China in terms goods, natural resources, FDI and financing. Furthermore, in accordance with discussions undertaken in chapter 2, the Anglophone Caribbean is a space where the majority of China's financing outside Hong Kong is channeled. While some might view the specific areas where ODI is directed as tax havens, the Anglophone Caribbean is still critical to China's broader economic goals. Therefore engaging the region makes economic sense from the perspective of Chinese actors.

The business opportunities for China in the Caribbean region has been apparent not only in terms of its actual engagement at the domestic level, but also in relation to extending its investments in new economic areas. As seen in chapters 2 and 3, the Caribbean region's strategic position in maritime terms, differentiates it from certain areas within Latin America. As discussed in chapter 3, maritime infrastructure has been an area targeted by Caribbean states for increased investment flows. This has led to a turn to China for investments and financing to develop the sector further. China has also committed billions to infrastructure investments in the region. Therefore, Caribbean states economic engagement with China has largely been predicated on obtaining opportunities based on mutual interests.

3.3 Economic opportunities in US and China's role in the Caribbean: challenging perceptions of threat

China's rise in the Caribbean region may not be regarded as a zero-sum game whereby China's increased economic influence automatically entails concerns about US decline. Caribbean states have sought to expand spaces for development assistance and attempted to generate increased opportunities for FDI in light of China's economic emergence at the global level. This has occurred within an economic environment still largely integrated with western economic powers.

Thus suggesting that China's influence exists alongside more entrenched economic linkages between Caribbean states and traditional partners. As such, there has been little evidence of an underlying significant shifts in US dominance in the region when compared to China's increasing role.

While undoubtedly in the Post-Cold War era, relations between the Caribbean region and China has shifted to deepening economic and diplomatic ties, this may not be equated with a challenge to US influence in the region. Western influence is deeply embedded in economic, social, and political structures. As seen in chapter 6, US economic influence in the region is still dominant in the areas where China has expanded its economic ties in the region. Consequently, the data showed that the US continued to play a preeminent role in trade and financing in the region when compared to China. This was evident through a comparative empirical analysis of Caribbean states economic engagement with both the US and China, notwithstanding the exuberant and premature claims of US decline in the region favoured by select accounts as seen in chapter 6.

Moreover, US economic interests is deeply entrenched across the Latin America Caribbean region unlike China whose rise is differentiated across not only states within the Anglophone Caribbean, but also the rest of Latin America. Thus, the research findings suggested that a level of caution was in order when viewing China's rise as a zero-sum game. China's expanding interests in the Caribbean and Latin America did not automatically result in a shift in US influence at the ground level in the broader region.

Furthermore, the dominance of US in the Caribbean has been supported by empirical research conducted through a survey on *Perceptions of China in Latin America and the Caribbean* by the Latin America Public Opinion Project 2013 (LAPOP) at Vanderbilt University. The results showed that the US was still regarded as the leading actor in the Caribbean and Latin America region. While the survey illustrated China's rising influence in the Caribbean, this was not equated with China actually replacing US influence or being a threat to US interests in the region. In three Anglophone Caribbean states, Guyana, Jamaica and Trinidad, about 70% agreed that China had influence within their respective states. In looking at how various groupings within the Caribbean and Latin America placed trust in China within the Anglophone Caribbean (CARICOM), almost 50% trusted China (49.1%). When it came to trust in China versus the US, almost 65% trusted the

US versus China. This serves as further empirical evidence that although Anglophone Caribbean states do acknowledge the influence of China, it is not seen as a means of displacing traditional US influence.

3.4 Economic opportunities between the US and China: undermining threat perceptions

It may be contended that the reliance of China on positive economic relations with the US may also lessen strategic opportunity in China's engagement with the Caribbean region. China is reliant on a peaceful international environment within which to grow and develop and that positive climate is to some degree dependent on favourable relations with the US.

The emergence of the Asian markets including China, have not been without the input of FDI from the west especially US multinational companies which in the 1980's and 1990's, concentrated extraordinary amounts of investments in countries such as China. This in part assisted China with its development and its economic emergence on the global stage. Stiglitz and Yusuf (2001: 421), acknowledge that beginning in the 1980's, East Asia including China, received more FDI than any other developing region in other parts of the world. This has now had an impact on China's contribution to external trade and internal economic growth. Stallings (2008:240) argue that "China's growth in trade is reliant on US technology, investments and the US market."

This economic interdependence is still an important part of the US- China dynamic. This may not be wholeheartedly dismissed in China's foreign policy calculations based on its self-interests. A *Rand Corporation* study by Dobbins et al (2011:8), looks at the significant interdependence between the two economies and suggests, "the two economies are linked with each other and with the rest of the world in a manner unparalleled in history...This mutual dependency can be an immensely powerful deterrent (for conflict)." As pointed out by Breslin (2007: 148) investment into China and trade with China is driven especially by the US. Thus showing how dependent China is on the US as its main consumer market. This interdependence with the US economy for continued growth and prosperity challenges perceptions that China may likely pursue geostrategic goals in the Caribbean and Latin American region.

Pacific relations with the US may still be considered important for continued growth and prosperity in China which despite its economic emergence. For many, China is still in certain respects a

developing country with internal challenges. Overall challenges to China's economic rise has been examined by Breslin; 2007, Zheng; 2005, Alden and Hughes 2009. China, aware of its own shortcomings both economic and political, often refers to itself as a developing country. The inequalities and inability of many Chinese to achieve prosperity in line with populations in the developed states, is still a reality in China. The World Bank and the International Monetary Fund still classify China as a developing country. For some analysts, China, with a per capita income of about \$6,500, is still well below the cut -off point that distinguishes developing economies from their high-income counterparts. Almost 250 million Chinese, about one-sixth of the population, still live on less than two dollars a day.³¹⁴ Such highly uneven economic growth not only pose internal challenges to China but can have some implications for playing a leading hegemonic role in the world alongside states such as the US. As Beeson (2009:109) argues, "The legitimacy of China's political leadership is increasingly dependent on economic development, which while it has been spectacular, remains surprisingly brittle."

While China at present, is playing a leading and critical economic role in developing countries, given internal economic issues as well as the unsure external economic environment on which China is highly dependent for its growth, its continued ability to play a significant role in the Caribbean is not always assured. Such uncertainties have led certain scholars to view China's rise in Latin America and the Caribbean, as one akin to that of Japan's ascent in the region in the 1980's. Hence Stallings (2008:239) proposes, "For a second time in the last quarter century, Asia and Latin America appear to be joining forces in a complementary process, which could speed up Latin America's economic development while increasing its independence from the hemispheric hegemon. In the earlier case, however, Japan's initial enthusiasm petered out, and Latin America never realized the expected benefits from the relationship." It is still left to be seen whether China's engagement will continue with the same speed and intensity in the coming years.

There is reliable evidence that China is not predisposed to challenging that status quo power within the Caribbean but has been acting in a responsible manner mindful of US hegemony in the region. Thus, even as China seems intent on broadening its influence in the Caribbean region, rather than

³¹⁴ <https://foreignpolicy.com/2014/09/25/is-china-still-a-developing-country/>

challenging US pre-eminence in the region, it appears that China is working well within the established order rather than acting counter to it.

The very foundation of China's diplomatic strategy speaks of "big powers" being the key to its strategies and as such, the US is regarded as significant to China, as the leading actor in the international system. It is to China's continued benefit to maintain non-geopolitical goals in the Caribbean and Latin America region. China is often perceived to be quite hesitant in pursuing strategic goals in the western hemisphere that can be misconstrued or subject to misinterpretation by the US. Peter Hakim (2006: 45) points to the general restraint in China's relationship with the Caribbean region and Latin America which is a traditional sphere of US influence. Hakim argues that Beijing is generally cautious in its relations with Latin America and the Caribbean and that it recognises US pre-eminence in the region. Former Chinese Ambassador to Barbados, Wei Qiang, also acknowledged that China's intention is not to compete with other world powers in the Caribbean. Rather, China's interests within the Caribbean is part of its overall foreign policy thrust in the developing world.³¹⁵

Thus far, there has been good indication that China is not likely to get entangled in ideological struggles in a geostrategic space which is centrally tied to US influence. There has been evidence that in Caribbean states such as Venezuela and Cuba where the US has always had a fraught relationship due to perceptions of US interference in internal affairs, China has continued to deepen its economic engagement in those states while seemingly sidestepping ideological involvement. While China shares close relations with Venezuela, it has also been quite measured in its approach to that state and has avoided anti hegemonic rhetoric in support of the various left leaning governments in Venezuela including that of Maduro and Chavez. Thus, the focus in Venezuela for instance, has been to promote its economic interests by undertaking a series of oil for loans deals with the latter (see Wang and Li, 2016; Giacalone, 2013; Sanderson and Forsythe, 2012).

3.5 Economic opportunity not threat in China's security assistance to the Caribbean region

Even when undertaking an analysis of Caribbean states more strategic endeavours with China in terms of security assistance, what has been evident is the role that China has played in mutual

³¹⁵ <https://www.pri.org/stories/2011-04-22/why-china-spending-billions-caribbean>

assistance partnerships with the region. Caribbean states have sought to expand economic opportunities with China in facilitating security interests through increased access to technical and financial assistance. Thus, China's engagement has been in response to the Caribbean region's domestic security interests and has not been geared towards playing a counter-intuitive role to the US in this area. Given China's leading economic role in the international economic system thus far, it has played a more encompassing role in responding to development concerns within developing states.

The various military aid pacts undertaken by the Caribbean region and China usually involve providing national security forces with equipment, logistic support and other training. In 2011, China and Jamaica signed a military cooperation agreement for \$1.1 million to provide equipment to the Jamaica Defense Force. This was followed by another agreement in 2012 for training and equipment worth \$1.55 million.³¹⁶ This deal was among the largest military aid packages undertaken with the Anglophone Caribbean. In 2014, China also sold its first long range vessel to Trinidad and Tobago for patrol of the Trinidad's coast.³¹⁷ Assistance in training has also been part of the military assistance provided to the Caribbean by China. The *2017 Annual Report to Congress on the PRC's Military Activities* indicated that many Caribbean and Latin American countries have sent officers for training in China. Assistance from China in this regard helps to respond to a number of immediate needs required by small national security forces within the region, due to shortfalls in equipment and training at the ground level.

Moreover, Caribbean states engagement with China in terms of security assistance is quite limited when compared to the overwhelming role of the US in the region in security issues. While the Caribbean has engaged further with China in security partnerships, the US plays the leading role in the Caribbean in promoting military and other security interests. The bulk of US assistance to the Caribbean is based on hemispheric security. For instance, in 2017, US government report on security assistance to LAC, indicate that US military and police aid to Latin America and the Caribbean for 2017 was over half a billion (680,095,000).³¹⁸ Since 2010, in just the Anglophone Caribbean, under the US Caribbean Basin Security initiative, the US committed \$437 million in

³¹⁶ <https://www.caribjournal.com/2012/06/20/china-jamaica-sign-deal-on-military-aid/>

³¹⁷ 2017 Annual Report to Congress on the PRC's Military Activities

³¹⁸ <https://www.securityassistance.org/latin-america-and-caribbean>

funding.³¹⁹ China's security assistance in the region is very limited when compared to the outsized role played by the US.

It is then important to understand that China's rise within that particular area as one that has promoted economic opportunity for Caribbean states. Not only has China's rise in the region been that of a benign power, there is little evidence that it seeks overtly or covertly to contend with US hegemony in this significant geopolitical sphere. Zakaria (2008:31) makes similar observations in relation to China's rise and notes, "(China) does not seem to seek to overturn the established order as have many newly rising powers in the past but rather to succeed within it." Therefore, it would be shortsighted to assume that China is a strategic challenge to US dominance in the Caribbean where American power has been pre-eminent. As succinctly put forth by Marcella (2012:1):

There is, to be sure, a heightened Chinese interest in building alliances and extending contacts with governments and institutional players in the region—going beyond just trade and investment. But the notion that the Chinese are seeking to establish a strategic beachhead is...counterproductive to establishing a useful relationship with China as its global influence rises. Contrary to the headlines, China does not want to challenge the U.S. in the hemisphere.

4. Limitations to China's Rise in the Caribbean: undermining threat perceptions

Exaggerated threat perceptions also fail to take into account the liberal hegemonic structure in which the Caribbean exists. This creates its own set of checks and balances to China's growing influence in the region. Caribbean states have been socialised and built on a western led liberal hegemonic order that can render its own set of challenges to alternative powers rise inside such states. Strategies which seek to pursue hegemonic counterbalancing may not be assured of success within the region based on both elite decision-making and civil society response especially given the economic significance of the US to the region. Therefore, relationships with other actors that are geared towards outright opposition to US influence or even perceived to act counter to it may experience significant roadblocks.

The Caribbean as well as Latin America share social, political and cultural linkages with the US and other western states that facilitates close cooperation. While China has been expanding economic and soft power influence in terms of deepening its cultural and social ties with the region, these states are still deeply entrenched within a western liberal hegemonic order not led by China. The Caribbean and Latin America have not only been part of an American hegemonic space but

³¹⁹ <https://www.state.gov/p/wha/rt/cbsi/>

in fact, the US benefited from hegemonic structures built hundreds of years prior to its ascendance by like-minded Western European powers. Such realities impose challenges to China's rise in the region and while beyond the scope of this thesis to engage extensively in such discussions, these realities do illustrate the limits to China's rise within the Caribbean and Latin American region.

Moreover, as part of the liberal hegemonic order, the Anglophone Caribbean is part of a democratic structure which can impact on China's influence in the Caribbean. Therefore, China's rising influence in the Caribbean may not be construed in a vacuum. China's promotion of its aims in the Caribbean region is very much dependent on those states. In the Anglophone Caribbean states decision-making can be impacted by civil society and the media which operates within a more open environment. This can shape responses to perceived deficiencies in the interactions. It can also impact on possible conflicts of interests in China's engagement at the ground level.

This more democratic structure enable government actions to be subject to scrutiny, criticism and debate. Thus, a variety of actors may seek to influence outcomes in the domestic sphere even with regards to external actors. This in effect can mean that decision-makers are operating within an environment that is subjected to intermittent pressure by the public and as such, this can constrain executive power. The political structure also promotes a degree of self-preservation for elected representatives, while at the same time, possibly limiting actions that may be regarded as adverse to the interests of the public. It is important that such relevant contexts be examined in the ongoing discourse on threat perceptions regarding Latin American and Caribbean states engagement with China.

In light of those broader constraints, decision-makers may pursue particular courses of action that minimises China's strategic influence in that space, should there be perceptions of strategic aims in the engagement. For instance, as examined in chapter 7, environmental and possibly strategic concerns merged, to shape responses to Chinese investments regarding the proposed Goat Island development project. The response to the investments subtly showed the power dynamics involved in the Caribbean region's relations with China as well as the hesitance of small states to be drawn into possibly underlying geopolitical tensions.

However, it may also be acknowledged that decision-making is not always a rational process, and that individuals involved in the process may not necessarily behave in predetermined ways. Individuals may attempt to bring in distinct motives, goals and ambitions within the foreign policy process and utilise their access to positions of power and influence to further goals that may not necessarily be viewed as part of the national interests. Decision-making may then give rise to unintended consequences. For instance, in the case of Grenada during the Cold War period, the leadership's alignment with Russia to pursue mutual interests, had specific outcomes. This resulted in a controversial response relating to the use of force on Grenada by the US, albeit under the pretext of rescuing American students in perceived danger on the island.³²⁰

What these underlying issues illustrate is that Caribbean countries are keenly aware that existence within the shadow of a hegemonic power brings with it opportunities as well as constraints. Thus, informing Caribbean states perceptions of the US is how it might utilise its power to achieve its end in the international system within such a geopolitically sensitive region. As Ikenberry and Kupchan (1990: 283) posits:

(a) more subtle component of hegemonic power, one that works at the level of substantive beliefs rather than material payoffs (suggests that) acquiescence is the result of the socialization of leaders in secondary nations. Elites in secondary states buy into and internalize norms that are articulated by the hegemon and therefore pursue policies consistent with the hegemon's notion of international order.

As subordinate states in the international system coupled with the Caribbean region's geopolitical significance, US thinking on Chinese intentions within the space can influence views of China's motivations within the space. Thus leading states to act counter to strategic motivations in relation to the US role in the region. It is important that such realities be examined in the ongoing discourse on threat perceptions regarding Latin American and Caribbean states engagement with China.

5. Conclusion

In examining perceptions as an underlying intervening factor in the Caribbean's relationship with China, the chapter argued that the relationship between the Caribbean region and China has been based on mutual opportunity rather than threat. In line with the underlying argument, the chapter attempted to offer a more calibrated assessment of the relations despite the likelihood of an ongoing discourse on the region's geostrategic significance in China's rise, should China's ascent

³²⁰ <https://apps.dtic.mil/docs/citations/ADA527983>

continue to reshape the global order. This approach was not an oversight, but instead showed the need for more evidence-based analysis of the region's evolving ties with China.

The chapter sought to dismantle the underlying perceptions of threat in Caribbean states engagement with China both in normative and empirical terms. In doing so, the chapter sought to draw on the analysis undertaken in the empirical chapters of the thesis while also providing a more normatively driven assessment of why perceptions of threat have been overblown in the relationship. Consequently, it was shown that the extent to which the Caribbean region served as an area of political and economic opportunity tends to be overlooked within the discourse on China as a possible strategic threat to US interests in the region.

Moreover, it was shown that even within more strategic areas such as military assistance to the Caribbean region, China's role has been linked to the promotion of Caribbean states domestic security interests. China's global rise enabled it to promote cooperation with developing countries in varied areas much like traditional powers. Consequently, China has furthered cooperation in this area in terms of technical assistance. However, the US still plays the leading role in security assistance in the Caribbean region and more broadly, within the Americas hemisphere.

Further, as discussed, notions of strategic threat ignores the internal limits to China's rise in the region. The region is encompassed by fundamental political, social and economic structures tied to a liberal hegemonic order which in turns undermine non-traditional actors role in the region when compared to traditional actors like the US. These established structures may mediate rising external actors influence in the space in relation to more established powers. Overall, the analysis suggested that a more nuanced approach to China's rise in this region is necessary in an effort to arrive at more valid and reliable conclusions pertaining to the Caribbean and Latin America's relations with China.

Conclusion Chapter

Introduction

The concluding chapter seeks to accomplish four essential tasks. Firstly, it re-emphasises the underlying gaps in the existing literature and restates the main hypothesis of the study. Secondly, it reiterates the main findings of the study and seeks to situate the empirical findings in the wider literature. Thirdly, the chapter focuses on the limitations of the study. Fourthly, the chapter proposes avenues for further research.

In the main, the thesis sought to depart from conventional accounts in the literature on China's engagement in developing states. Within the discourse on China's rise in the Americas hemisphere, two substantial gaps have been evident. One, Caribbean states relations with China remained largely under-explored, thereby highlighting a sizeable knowledge gap in the Sino-Latin America Caribbean literature. Two, the dominant narrative appears to treat developing states as largely peripheral in the interactions with China. Thus, preferring to see such states as simply an addendum to China's broader strategies and goals in the global realm, rather than as active agents seeking to derive their own aims in interactions with China.

In light of these substantive gaps in the literature, the thesis sought to examine how and why a confluence of political and economic factors influenced the patterns of continuity and change in Caribbean states relations with China. The analysis was undertaken chiefly from the vantage point of developing states. In doing so, the thesis sought to move beyond the more China-facing analysis evident in much of the literature on China's rise in the developing world. The thesis does not deny the salience of powerful actors in shaping interactions with secondary states. But conversely, it does assert that an analysis which accounts more fully for less developed states in the dynamic, adds a more comprehensive and critical assessment of the ongoing interactions between developing states and China.

In the absence of the input of developing states in driving the dynamic at the ground level, it becomes invariably more difficult to talk of Chinese influence inside those very states. For instance, it is problematic to talk of China's growing economic influence within developing states without at the very least, according deserved attention to how and why developing countries have actively structured and participated in driving China's commercial outreach at the domestic level.

Yet, the literature accords developing states more minimal attention than perhaps ought to be the case. This itself may not be surprising as much of the International Relations discipline do tend to minimize attention on less powerful states. This deficiency has already been highlighted within the scholarly discourse on small states within IR, by various authors (see Long, 2015; Shaw, 2009; Braveboy, 2007; Hey, 2003; Keohane, 1969, Vital; 1967). Likewise, the predisposition to under-examine secondary states in relations with China has been examined by a few Sino-African scholars (see Gadzala; 2015, Large; 2008, Manji and Marks; 2007, Mohan and Lampert; 2013). However, the tendency to reinforce and elevate China's interests in relations with developing states is still very much the norm in the discourse on China's relations with such states.

The thesis underscored that Caribbean states relations mattered within the broader context of China's engagement in the American hegemonic sphere, despite the lack of scholarly attention to the region. As such, the thesis initiated the process of thinking about Caribbean states relations with China as one which occurs within an overarching geopolitical structure informed by the US role in the region. This systemic factor shapes the region's foreign policy behavior although not always primarily determinant of it. Nonetheless, it would be somewhat remiss to construe Caribbean and China relations as one independent of underlying and overarching power structures given the significance of the US factor in the space. As already noted, the region is *suis generis* a geopolitical space. This specific structure differentiates Caribbean and Latin American states from all other developing states where China practices its economic statecraft. No other group of developing states lie squarely within the US hegemonic space.

However, this overarching geopolitical structure does not appear to have hindered autonomous spaces for Caribbean states decision-making regarding China. In the Post-Cold War period (1990-2015), Caribbean states reconfigured their relationship with China along highly economic lines, while utilising diplomacy to facilitate commercial goals. Given the salience of economic variables in shaping the relations, the thesis dedicated substantial attention to examining the economic considerations in the relationship as seen in chapters 4, 5, 6, and 7. Consequently, how Caribbean states agency, interests and constraints fitted into the broader narrative on China's rise in the Americas hemisphere was brought to the fore in the analysis. The thesis also sought to question underlying perceptions of threat in Caribbean states engagement with China deriving from competing interpretations of China's role in the region especially in relation to the geo-strategic

significance of the space in chapter 8. Thus the analysis emphasised the economic opportunities that has thus far driven Caribbean states interactions with China. The research sought to focus on Caribbean states not necessarily as reactive agents in inter-state relations with China. But also as significant actors, initiators and partners in their own right, which sought to assert a level of agency in the relations amidst internal and external constraints, prompted largely by economic considerations.

The thesis makes a timely contribution to unpacking relations with China from the perspective of less developed states more broadly and simultaneously sought to address empirical and conceptual gaps in Caribbean states relations with China. In examining the relations from the standpoint of Caribbean states, rather than the more China-facing analysis evident in much of the discourse on China's rise within developing states, the study contributes to providing a developing country perspective within the literature. Moreover, given the lack of evidence-based analysis on China's engagement with the Caribbean region in the Sino- Latin America Caribbean literature, the thesis sought to address the substantial empirical gap pertaining to Caribbean states economic engagement with China.

The thesis also makes a modest contribution to the literature on small states within International Relations by illuminating how and why particular factors influence such states foreign policies vis-à-vis emerging and established powers in the international sphere. Despite the various efforts to democratise the discourse within IR, as evident by a slight proliferation in small states literature (see Shaw, 2009; Long, 2015; Handel, 1981; Vital, 1967; Keohane, 1969), in the main, IR's more singular focus remains on powerful actors. In examining issues largely from the perspective of Caribbean states, the thesis highlights small states agency, interests and constraints in influencing relations with China.

Further, as already discussed, the thesis adds to the growing body of scholarly work on NCR for understanding the foreign policy behaviour of developing states. In doing so, it sheds light on the extent to which systemic, domestic and ideational elements have shaped the foreign policies of Caribbean states. The thesis highlights how and why the systemic environment is an important indicator of foreign policy behavior (Rose, 1998: 151) for secondary states in the international system. Therefore, in the case of the Caribbean region, the study showed the significance of the

geopolitical power structure in influencing foreign policy behavior towards China. Likewise, the thesis focused on how and why intervening issues such as domestic economic considerations, policymaking and perceptions shape Caribbean states foreign policies in relation to an emerging China. As Lobell *et al.* (2009:43), argue, NCR's focus on structural and intervening variables make it possible to examine the foreign policies of a vast range of states, including developing and developed states.

2. Restating the main hypothesis

Given the current status of the literature on China's emergence in the Latin America Caribbean region, certain issues confronted the researcher. One; how do Caribbean states interests and constraints or even that of Latin American states fit into that broader narrative of China's rise in the region? Two; how do Caribbean states relations with China challenge or support the implicit hypothesis that China's role in the region meant a decline in traditional US influence? Three; what alternative hypothesis would explain Caribbean states foreign policy behavior towards China by accounting for the concerns raised in relation to the US factor, while at the same time, seeking to interrogate such issues?

The research then proposed the main hypothesis that "while the Caribbean region's geopolitical structure, diplomacy and underlying perceptions influence the region's relationship with China, economic considerations are the driving factor in the relationship." An appreciation for and awareness of the complexity in Caribbean states relations with China meant that the hypothesis put forward needed to take into consideration the varying factors that influenced the Caribbean region's relationship with China. Therefore, the hypothesis proposed a causal correlation between the variables argued to shape the relationship. In doing so, the hypothesis acknowledged that variables at either the individual, systemic or state level interacted with each other along a causal chain to influence Caribbean states relations with China. However, crucially, it was also allowed that certain variables are more causal than others at particular points in time, under varying circumstances and within differing contexts. Hence, the thesis argued that economic considerations have been a decisive factor in Caribbean states relations with China.

The analysis undertaken through-out the various chapters sought to validate the general hypothesis. In chapter 2, it was shown that while Caribbean states foreign relations occurred within an

overarching power structure informed by the US role in the region, the interactions between Caribbean states and China had to be understood as one driven primarily by mutual economic interests. Chapter 3 illustrated that Caribbean states policymaking towards China have been actively centered around formulating and negotiating goals and strategies to further deepen commercial ties within the Post - Cold War context of engagement (2005-2015).

Further, consistent with the overarching hypothesis, Chapters 4, 5, 6 and 7 explicitly showed that economic considerations have played an integral role in shaping the Caribbean region's relationship with China for the period considered. Finally, in support of the main hypothesis of the thesis, Chapter 8 advanced the claim that the salience of economic interests in Caribbean states foreign policy decision-making toward China has resulted in perceptions of opportunity mediating the relationship more so than threat. The latter may be linked to an underlying strategic discourse given the Caribbean region's geostrategic position.

In emphasising economic dynamics, the thesis did not presume that Caribbean states geopolitical structure, diplomacy and perceptions relating to China's rise in the region did not matter or shape foreign policy behaviour. Rather what the thesis sought to do was to account for such factors and engage with them on their merits, while allowing for the primacy of economic issues in Caribbean states relations with China.

3. Reiterating main empirical findings

Relations with China showed a close alignment of foreign policy decision-making with economic considerations. Thus the Caribbean region expressed a level of economic pragmatism in relations with China in the period under survey within the thesis as initially addressed in chapter 3, subsection 4. As discussed, starting in the 1990's, Caribbean states underwent significant foreign policy shifts driven primarily by economic concerns. China also more visibly transformed its rationale for interactions with small states in the region. By 2005, it became apparent that the Anglophone Caribbean region was an area not only for the pursuit of political interests in relation to Taiwan as part of furthering the "One China" foreign policy, but also an area for the broader pursuit of China's commercial interests in the wider Latin America Caribbean region. The Anglophone Caribbean region was seen as a means of increasing market access for China's SOE's, financial institutions and entrepreneurs in line with China's economic thrust in the developing

world. Moreover, the economic interactions with China increased Caribbean states maneuvering space for development assistance in relation to external actors while concomitantly enabling China to play a growing role in trade and financing in the region as seen in chapters 4 and 5.

However, the empirical finding suggested that despite the significant opportunities in the economic relationship, there were also deep asymmetries involved in small Caribbean states engaging a more powerful economic actor like China. The data analysed in chapter 4 indicated that between 2005 and 2015, at least, US \$1 billion in loans was committed to the Anglophone Caribbean by China for financing select infrastructure projects. This sum was inclusive of zero interest loans and concessional funding. These loans were geared towards various economic sectors in the region including sports, health, tourism and maritime infrastructure. However, it may be probable that such a figure might even be an under-estimation of the actual financial flows between the Anglophone Caribbean region and China for the period considered. As already stated in 2013, Chinese President Xi Jinping committed US\$ 3 billion to the Anglophone Caribbean during his inaugural visit to the region as China's president.

But these figures highlight some key issues which suggests that there are significant caveats to consider when estimating China's financial flows to the Caribbean region and perhaps even within other developing states. Although billions of dollars have been committed to the Anglophone Caribbean region by China, there appeared to be a tangible difference between loan commitments and loan disbursement on the part of China in the region. Thus, it is still unclear whether within that same period, China has invested several billions of US dollars in the region. For instance, while over US \$1 billion was slated for the redevelopment of Jamaica's port infrastructure, as seen in chapter 7, the project was shelved due to environmental concerns.

One also has consider that there has been an issue regarding the opaqueness in Chinese financing to developing states thus far. Much of China's financial assistance may not necessarily be made public in accordance with its foreign policy preferences. Therefore in gauging Chinese lending to the region, one may bear in mind that China's development assistance cannot easily be compared to that of western actors. This is an important point already explored by Brautigam (2011) in relation to China's lending in Africa. The research has at times utilised official government documentary evidence as well as media reports to gauge Chinese financing among other

triangulation strategies. As allowed by Hudson (2007), foreign policy analysts deal with complex issues that are not always directly part of the public domain while also having to find ways to account for them. Thus as Hudson (2007: 5) argues, it is important to make use of, “artifacts of decisions- the traces that decisions leave in newspapers or chronologies.” However even while having done so, it may be allowed that despite scale and magnitude of Chinese lending to the region, gathering specific data on the phenomenon may pose some difficulty. Thus leading to possibilities of over-estimation and under-estimation of Chinese financing in the Anglophone Caribbean region.

Moreover, the empirical findings highlighted more broadly the power differentials between small Caribbean states engaging an emerging economic power and the potential opportunities and constraints that arise from the underlying asymmetrical relationship. Although Caribbean states engagement with China for infrastructure financing has led to China playing a major economic role in the Caribbean alongside traditional actors, one of the issues that was considered within the thesis is the extent to which Caribbean states lending from China created new spaces for the re-emergence of previous patterns of debt and dependency in relation to external actors.

Despite the economic opportunities in the engagement, the findings suggested that increased lending from China does create the space for increased debt in relation to external actors. Much of China’s financing in the region appeared to be based on concessional loans. In fact as mentioned in chapter 6, within Jamaica where China is playing a substantial role in lending, it was found that more than 90% of the financing was on concessional terms based on reports from Jamaica Planning Institute, an arm of Jamaica Ministry of Finance. Moreover, Jamaica’s Government Information Service further confirmed that at least 99% of loans from China carried interest rates of 2-3%.³²¹ Thus suggesting that China is very much driven largely by its commercial motives within the region. As discussed in chapter 4, given Caribbean states already high debt to GDP ratios, there is the possibility of a continued shift of resources to debt servicing. This can inevitably impact on development in Caribbean states. As discussed in chapter 4, this issue is still unfolding in the region and as such the impacts of lending will become clearer as time unfolds. Nonetheless, it was worth highlighting its relevance given the Caribbean and Latin American region’s previous

³²¹ <https://jis.gov.jm/90-per-cent-of-loans-from-china-to-be-repaid-in-10-years/>

experiences with high debt.³²² Thus a more pragmatic approach to the increased lending by China to Caribbean states had to be considered, despite the economic gains procured in the engagement.

Additionally, the empirical findings in chapter 5 revealed that there has been a high level of ambiguities in Caribbean states trade relations with China. The trade relationship has further heightened the asymmetry between small Caribbean states and China. The trade patterns highlighted much of the same center-periphery relations which underscore economic relations between economic powers and developing states. Consequently, much of the trade between Caribbean states and China have been based on China's search for commodities and primary resources. This has reinforced previous core and periphery economic patterns of the past in relation to external actors.

Further, the empirical findings suggested while China's rise resulted in the creation of alternative markets for Caribbean states alongside traditional actors, within the Latin America region especially, competitive effects resulting from China's ascent in the trade realm, could not be entirely ruled out. As seen in chapter 5, the Latin America region took a number of actions against China at the WTO to prevent anti-dumping of manufactured products. This was based on the view that the increased market penetration by China affected productivity, innovation and competitiveness in the region in the medium to long term.

Furthermore, in empirical terms, the evidence suggested that while Caribbean states pursued economic opportunities with China, this was occurring amidst the continued economic significance of established economic actors like the US as seen in Chapter 6. The findings suggested that this was the case for various reasons. One reason was that China acted largely in areas that had not been prioritised in US led financing in the region or that of other western actors led by the US. As such, China was acting mainly in infrastructure projects that were not necessarily a priority for western dominated institutions including the IADB, World Bank, IMF and the Caribbean Development Bank. Beyond financing, the data revealed that the US is still a main market for Caribbean states bilateral trade, despite China's increased import penetration in the region, post 2005.

³²² The high debt of the Latin America Caribbean region in relation to external actors resulted in what has been considered in the wider political economy literature as the "lost decades" for growth and development in the region (see Walton, 1989; Burton, 1990; Panizza, 2008)

The findings in chapter 6, also emphasised that the region's trade with China contrasts with the region's trade with the US as well as the EU. For instance, while the US and EU are both significant import and export markets for the Caribbean region, the same may not be said of China. The latter has been a leading import source rather than a significant export market for the Caribbean region.

While these empirical findings relate particularly to the Anglophone Caribbean, it does lead to broader questions as to whether one can readily generalise that China is a threat to US interests in the Latin America Caribbean region. Much of the region's economic engagement is still linked with that of traditional western powers, including western Europe and North America (US and Canada). This does not suggest that China has not played a leading role in the region, it has. China has managed to emerge as a leading financier in particular Anglophone and Latin American Caribbean states within a short space of time. However, allowing for China's increased role in the region in the areas of trade and financing does not suggest that China has supplanted the role of traditional actors in the region. Thus, there was insufficient evidence to suggest that the US economic role across Latin America and the Caribbean has declined as a result of China's economic rise as assumed in certain studies.

Further, despite the economic imbalances between the Caribbean with China, within the time period considered in the study, significant trends were unfolding in the region's economic relationship with China. Such trends have been the growing significance of China as market for select states in the Caribbean region. As seen in chapter 5, for Caribbean states such as Trinidad, Guyana and to a lesser extent Jamaica, there has been an increasing level of commodities and other resource exports going to China from these markets up to 2015. Such outcomes have been in line with China's own natural resource drives in Latin America and the Caribbean. Additionally, China has undertaken a number of investments in resource sectors across Guyana, Trinidad and Jamaica. This creates the potential for possibly increasing two-way trade between these Caribbean states and China in future as discussed in chapter 5.

It is also worthwhile to consider that notwithstanding the longstanding linkages between the Caribbean region and China, Caribbean states economic engagement with China deepened post

1990 and first increased substantially starting in 2005. Thus far, China has managed to rapidly increase its economic engagement with the Caribbean in a relatively short pace of time alongside established actors. Should growth trends continue in China, it is anticipated that it is likely to play a wider economic role in the region.

In terms of the generalisability of particular findings explicated above, it may be noted that the thesis primarily focused on specific cases as “bounded systems of interests” (Stake: 1978:7), applicable across states in the Anglophone Caribbean region where China has diplomatic relations. These cases (trade and financing) not only closely approximated with the data on the economic dimension of Caribbean states engagement with China, but also allowed for the generation of inferences from the data. As pointed out by Levy (2008:5), researchers familiarity and proximity to the data, suggest that analysts using case study research are well positioned to suggest explanatory variables, causal mechanisms, and interaction effects. Thus enabling reasoned conclusions based on evidence.

In examining cases more broadly, it is implicit that conclusions may be drawn and that inferences may be made concerning hypothesized explanations (Stake, 2005: 141; Bennett and Elman, 2006: 459). Issues pertaining to generalisability in relation to cases in research have been well explored by Gomm *et al.* 2000. In determining the wider impacts of the economic relations with China, conclusions may be drawn not only pertaining to the specific states mentioned, such as Guyana, Trinidad and Jamaica, but also to other English-speaking Caribbean states whose patterns of engagement with China have not been especially differentiated in terms of the consequences of the interactions. Therefore, the cases studied not only enabled one to unpack the general trends in Caribbean states economic relations with China but also opened up spaces for understanding the agency of such small states as well as the opportunities and constraints underlying the commercial interactions.

Moreover, specific conclusions arrived at regarding the economic engagement further corroborate with the academic literature on China’s commercial engagement with various developing countries (see subsection 3.1 below).

3.1 Situating the findings in wider literature

The thesis findings pertaining to Caribbean states economic engagement with China, corroborate with findings regarding other regions in the developing world. Studies have highlighted China's increased economic role in developing states while also allowing that imbalances exist in engaging China. Consequently, the thesis findings confirm those by *inter alia* Alden, 2006; Zafar, 2007; Brautigam, 2011; Mohan and Lampert, 2013; Jenkins, 2008. These studies all point to the asymmetrical patterns inherent in China's relations with Africa, notwithstanding its increasing economic role on the continent. Similar findings of opportunity and constraints were also found in Latin America's engagement with China (see Gallagher and Porzecanski, 2010; Gallagher, 2015; Myers and Wise, 2016).

More specifically, the thesis findings suggests that Caribbean states economic relations with China have been largely predicated on notions of mutual benefit. Thus China has played an essential role in pursuing developing states commercial objectives at the ground level. Much like Dehart (2012) argument that China has remodeled the development landscape for Latin America, Caribbean states have also sought to reconfigure spaces for development assistance by increasing ties with China. Such findings align with the idea of south-south cooperation and "win-win" rhetoric promoted especially on the Chinese side. For instance, Yin and Vaschetto (2011) contend that China's focus on infrastructure development is geared towards immediate and long term growth outcomes in developing states. They argue that this sets China apart from other traditional actors, whose strategies are very much differentiated from China's. Mei and Hongwu (2012) also posit that China's cooperation with Africa is largely beneficial. Other scholars have also postulated on the positive aspects of Chinese engagement within the developing world (Alves, 2013; Sautman and Yan, 2007).

While not bypassing China's central role as a significant development partner for select Caribbean states alongside traditional actors, the thesis findings similarly highlight the imbalances and possibly adverse effects of developing states ties with China. Consequently, the research support the findings by various scholars that Latin America's economic relations with China is challenged by highly asymmetrical trade patterns (Jenkins, 2012; Moreira, 2007; Lall et al, 2007; Ray, 2014; Ortiz et al, 2015). Although less explored in the wider Sino-LAC literature, the thesis also examines the debt and dependency patterns unfolding in Caribbean states engagement with China.

On the other hand, in relation to the China and US nexus within the region, the empirical findings problematises particular claims in the literature. The findings contrasted with underlying claims that China's economic rise has resulted in US decline in the region or at the very least, impacted on US interests in its traditional sphere of influence (see Jilberto and Hogenboom, 2010; Fornés and Phillip, 2012; Francisco De Santibañes, 2009; Bagley et al, 2015).

More broadly, China's development cooperation assistance within the Caribbean region appear to be closely linked to its distinct patterns of investments within developing states. Its ODA is closely integrated with promoting access to markets and enhancing the entry of its State Owned Enterprises at the local level. The findings of the thesis seem to confirm the FDI and trade nexus in China's technical and development assistance within other developing states (see Sanfilippo, 2010; Naidu and Davies, 2006; Taylor, 2006; McCormick, 2008).

Moreover, the findings appear to suggest that the Caribbean region like other developing states are more or less, firmly anchored within China's broader going out strategy designed to facilitate Chinese enterprises in playing a greater role in such states economies alongside traditional actors. This is in line with Eisenman and Kurlantzick (2006) argument that China's foray into Africa is linked to its global strategy. Further, how Chinese multinationals have relied on innovative organisational strategies to penetrate new markets to enhance their internationalisation has been examined by John Mathews (2002). McKay et al (2016) and Armony (2009) also argue that China's expansion in Latin America is closely linked to China's search for global markets.

In the case of the Caribbean region, the findings suggest that China's broader commercial strategy is occurring in the presence of private Chinese enterprises who either have traditional ties within the region or are part of more contemporary migratory outflows keen on enhancing business opportunities within the space. The significance of these ethnic networks in expanding China's commercial presence within the Caribbean region has been examined by Bernal (2016). These are distinct from SOE activities in that their businesses are not necessarily linked to state led projects. This particular mode of increased Chinese engagement within developing states has also been expounded on by Brautigam (2003:447) who argue that "ethnic business networks facilitate the exchange of inputs critical to global capitalism." Aguilar and Goldstein (2009) also examine such

ties. Likewise, Breslin (2016) also acknowledges this method of Chinese commercial engagement within third states. As argued by Alden (2008) a diverse range of sub-state and non-state actors complicate the conventional depiction of Chinese engagement within developing states. Such findings are highly relevant to the Caribbean context as China's state led economic processes differ across states within the region. However, in contrast, such business activities driven by non-state actors seeking to further entrepreneurial interests, is identified across the Anglophone Caribbean region. Thus, driven by distinct private entrepreneurial interests as well as officially driven policies, actors within Caribbean states and China have sought to promote commercial exchanges.

4.Limitations of the study

Three main limitations may be attributed to this study. In theoretical terms, critics of the study may find that it takes a broad but nonetheless comprehensive analysis of Caribbean states relations with China. This could be a strength or a weakness. It may be construed as a weakness in that in addressing the various core variables, the researcher can sacrifice depth for breadth. Thus a possible approach regarding the research could have been to simply focus on particular intervening variables rather than seeking to draw from system structures. This may be regarded as perhaps an efficient, exemplary and more expedient engagement of Caribbean states relations with China.

However, the broader approach deployed in the thesis has been constituted as a strength of the research for various reasons. For one, the author had to contend with the significant knowledge gap on the Caribbean region's relationship with China. Given the limited studies in the area, a broader approach to understanding the relationship served the purposes of the research well in that the study was able to undertake a more effective analysis of Caribbean states interactions with China.

Another reason for the efficacy of the broader approach is that it serves the intent and purposes of the theory of Neo Classical Realism which undergirds the research. NCR adherents understand the dilemma faced by foreign policy analysts. The dilemma is that foreign policy behavior cannot always be explained solely in terms of systemic, ideational or domestic factors, although varying factors may assume more causal weight than others dependent on issue, time and context. Thus the research sought to transcend the level of analysis problem that often confronts researchers attempting to situate and explain the causes of foreign policy behaviour. This is an issue recognised

by successive NCR researchers such as Rose (1998), Zakaria (1998), Christensen (1996), Schweller (1998) and Lobell et al. (2009). States then act in a complex internal, external and perceptual environment. The thesis recognised the salience of the economic element in the analysis. But focusing solely on the economic side of the engagement would have its limitations. It may be asserted that Caribbean states decision making vis-à-vis particular actors such as China cannot be fully understood and accounted for, without comprehending the overarching geopolitical power structure within which the Caribbean region exists. Nor can it be effectively understood without understanding the ideas as well as the important diplomatic factor involved in the relationship.

While limitations may also be linked to the methodological and subsequent empirical aspects of the study, at the crux of this research, has been a data collection method that relied on a triangulation of sources to further validity and reliability. These included, *inter alia*, UN Comtrade data, government records from the Caribbean, the US and China as well as newspaper and other media reports, rather than focusing largely on interview feedback. This lessened the more “methodological individualism” that may be derived from the selectivity associated with the latter (Lamont and Swidler, 2014: 163).

At the heart of any research design is a consideration by the researcher as to the method which may constitute a best fit in terms of the underlying hypothesis of the study (Burnham *et al.*, 2008:40). As part of a vast range of methodological choices, interviews represent the potential for obtaining at times, an insider view on issues and this can be desirable in helping to confirm evidence. However, as Bryman (2001: 274) argues, while consistent with the principle of triangulation, interviews may be considered as a supplementary means of investigation rather than as an alternative for the use of documentary evidence within research. In examining elite interviews in particular, Burnham *et al.*, (2008:231) acknowledge, “elite interviewing is characterized by a situation in which the balance is usually in favour of the respondents.” Rathburn (2008:689) concedes that although interviews offer significant insights, its shortcomings, “lie in its inherent emphasis on complexity and context to the detriment of objectivity, parsimony, and generalizability.”

The empirical focus of the research dictated an approach whereby an analysis of data and other documentary evidence was required to not only formulate generalisations regarding Caribbean states domestic economic engagement with China, but also, to gauge the impacts and implications of the interactions. The emphasis was on examining cumulative outcomes evident by common patterns of engagement evolving over time across a cross-section of states which share diplomatic relations with China within the Anglophone Caribbean region. As seen in the empirical chapters of the thesis (chapters 4, 5, and 6), there were two observable trends in the economic relationship between Caribbean states and China; financing and trade. Hence the focus on these issue areas as case studies within the thesis. Through these economic pathways, it became possible to consider the wider consequences and responses of Caribbean states in economic interactions with China.

The analysis of the case studies relied extensively on primary and secondary sources of data. For instance, in addition to utilising trade data, the focus was also on government records and media sources. According to George and Bennett (2004: 97), “the evidentiary worth of various sources including government documents, (is) increased through a careful examination of contemporary public sources, such as daily media accounts of the developments of a case unfolding over time.” In drawing from the data, Caribbean states domestic economic engagement with China was examined within an evidence-based framework rather than relying on the more qualitatively informed analysis which may underlie interviews. Thus, despite being a supplementary source of information, interviews did not prove to be an essential method of data collection within the context of the empirically-based case studies considered within the thesis.

Further, it may be said that in examining the case studies, while data on Caribbean states trade relationship with China was more readily available based on UN Comtrade data, the same may not be said for the availability of data for the case study pertaining to the financing dimension of the economic relations. Consequently, the research showed the shortcomings inherent in analysing developing states relations with China. China’s foreign policy decision-making in terms of documentary and archival evidence may not always be readily available to researchers in the public domain. However, the researcher has attempted to compensate for this shortcoming by examining primary and secondary data from Caribbean states, although this does not entirely bypass the difficulty of researching China’s financing in the region. However researchers in the foreign policy domain, do at times have to contend with the fact that areas of interests to researchers are

not always readily available in the public realm as these can at times be of a sensitive nature (see Hudson 2007). Thus the possible constraint in accessing important primary documents and data is not unique to China.

Therefore, in an effort to offset such limitations to some extent, the researcher relied on the triangulation method to gather the data on Chinese lending. It may be said that the triangulation method for examining Chinese lending to the developing world has been seen in a number of other studies seeking to trace Chinese financing to developing states (Brautigam, 2010; Gallagher, Irwin and Koleski, 2012). The research utilised media sources and government reports in the Caribbean and the US as well as primary loan documents from various Caribbean states. However, there was a level of inconsistency across the Caribbean states studied in terms of accessing primary loan documents. The study also made use of Chinese press reports. Chinese government institutions such as the Ministry of Commerce (MOFCOM), Ministry of Foreign Affairs (MOFA) and Chinese embassies in the Caribbean region were also utilised (English sources).

However, triangulation may not necessarily eliminate uncertainty regarding China's financial flows to the Caribbean and caution may be exercised in terms of estimating financial flows in the absence of more centralised and concrete data from China on its overseas financing. Thus the research has to allow for the possibility that Chinese lending to the Caribbean can be underestimated or over-estimated. The researcher, out of an abundance of caution has probably underestimated the actual financial flows to the Caribbean region especially in light of the lack of centralized data relating to China's financial flows to the developing world.

5. Avenues for further research

The thesis contributes to opening up avenues for further research on the Caribbean and Latin America's engagement with China. In examining the economic dimension of the Caribbean's relationship with China, the question arose as to whether the rise in lending from China by the Caribbean has the potential to re-create previous patterns of debt and dependency in the region. While the thesis has focused on examining the impact of China's increased lending to Caribbean states in light of the already high/debt to GDP ratios experienced in the Caribbean, it may be useful to examine the impact of Chinese lending to Latin America. This will help further the literature on Latin America and China relations in the Post-Cold War era.

Also meriting further investigation is the extent, if any, to which China is reconfiguring and challenging existing the development aid and financing architectures in the Latin America Caribbean region. This may be considered in relation to actors such as the US and EU.

Another issue which may be explored further is the extent to which China's rise can be considered a competitive threat to the region in light of the over-representation of Latin America in antidumping cases brought against China at the WTO level (see chapter 5). This suggests the need to explore further, the possible effects of China's rise on developing states in light of various conflicts and constraints.

Further research may also be undertaken regarding the extent to which China's rising role in the Caribbean has had an impact on its soft power influence in Latin America and the Caribbean. China has been playing an increased role in the Caribbean in socio-economic sectors such as education and through other forms of technical assistance. There have been indications of a growing level of "people to people" diplomacy through a diverse set of programmes aimed at deepening social and cultural links.

How such interactions influence Chinese soft power in the Caribbean region is perhaps an important issue worth considering. While the research touched on these issues in chapter 3, these more socio-economic dimensions of the relations can benefit from further examination when seeking to understand China's growing role in the Caribbean and Latin America. For instance, in terms of "people to people diplomacy," Chinese diasporic influence in the region based on anecdotal evidence appears to be widening. This seems to be taking place even within the more contemporary context of China's engagement with the region. This presence is not limited to states where China has diplomatic relations, but rather, it appears to be occurring across the Anglophone Caribbean as private Chinese entrepreneurs seek economic opportunity.

Moreover, the growing level of "people to people" exchange is a two - way process. It is increasingly being undertaken by Caribbean persons to China especially in relation to educational exchanges. The same goes for Latin America. In countries which conduct relations with Taiwan, the cultural exchange with China continues through numerous educational programmes between Taiwan and these countries. On an annual basis, it then means that more and more Caribbean and

Latin American nationals are encountering the Chinese language and culture, either through the mainland or nearby Taiwan. Should such trends continue, it does create additional avenues to build Chinese soft power in the region which is an area where China has had a traditional diaspora historically. This is in marked contrast to China's emerging social and economic ties in developing regions like Africa where the Chinese increased diaspora presence appears to be more of a Post-Cold War occurrence. Therefore, how these various socio-economic areas have strengthened Chinese broader soft power in the region is worth examining further.

Further, the extent to which China's engagement in the Caribbean and Latin America can be conceived of in geopolitical terms from the point of view of China's foreign policy interests in the region, merits further investigation. The region is *suis generis* a geopolitical space and ideas matter in foreign policy. Thus geopolitical calculations cannot be entirely divorced from US perceptions of China's rise in the region. There is need to not only reflect on the obvious geopolitical character of the region, but crucially, to examine how and why the region's geopolitical significance matters or does not matter, in China's foreign policy outlook on the region. While doing so, maybe arguably dependent on whether China continues its growth trajectory or whether it retreats in a manner akin to other alternative powers rise in the region, it can further add to the literature on China's rise in the region. But this may be subject to the major caveat that China's role in the region has to be kept in perspective. This is a salient point made by Stallings (2008) who acknowledged that other Asian powers like Japan have attempted in the 1980's to do what China has attempted, and that is; seeking economic influence in the Latin America Caribbean region. Breslin (2005:735) also poses this pertinent question: 'Is China as powerful as some people are making it out to be?'

Therefore it may be considered that China's geopolitical ambitions, if any, in relation to Latin America and the Caribbean, can be limited by China's own internal constraints as well as various other limitations emanating from the Americas hemisphere. Impediments may emerge specifically from these developing states themselves or taking into account the critical US factor. As already explained at the start of the thesis, the particular global power configuration which exists within the Caribbean and Latin America, differentiates the region from other developing states. This has implications not only for the region's foreign policy behavior but also has implications for non-

traditional actors within the region. However, even with these particular limitations in mind, an added perspective from the point of view of China in terms of whether the geopolitics of the space influences its foreign policy towards the region, can contribute to the broader discourse on China's rise in the Latin America Caribbean region.

Finally, an emerging area of debate when considering the post 2015 scenario in relation to the Caribbean and China is the extent to which financing will continue to be a substantial marker of Chinese economic influence in the region. While China's economic footprint has been growing in Latin America and the Caribbean, it is still left to be seen whether the scope of the engagement will deepen post 2015. For instance, despite Jamaica being among the leading beneficiaries of Chinese financing in the Anglophone Caribbean within the period considered in the thesis, the *Economic and Social Survey of Jamaica* (ESSJ) for 2018, suggests that for that year, Jamaica sought no new loans or grants from China. This indicates that China's rise in financing within the region may likely be subjected to a series of ebbs and flows dependent on policies within such small states and China's own foreign policy goals within the region. Similar trends regarding Chinese financing in Latin America has also been evident post 2015. According to the Global Development Center, 2018 was among the lowest on record for Chinese state-to-state financing within Latin America. Consequently, approximately \$7.7 billion in loans from China Development Bank and China Eximbank was made either to Latin American governments or Chinese SOE's.³²³

Nonetheless, it is still left to be seen whether the above-mentioned outcomes, indicate a retreat of Chinese economic influence within the region in the long term. Some have argued that China may be becoming more risk-averse within the region partly due to instability within specific states such as Venezuela. The domestic regulatory contexts which seek to regulate firms activities have also been cited as possibly inhibiting deepened economic engagement. A shift in domestic policies in relation to extended financing and debt have also been viewed as another possible reason for the down turn (see Myers, 2019; Ferchen, 2018; Gallagher and Myers, 2018). However, despite the relative decline in Chinese financing for the period mentioned, Tulchin (2019) argues that the region will continue to be of critical importance to China in economic terms and in relation to

³²³ <https://www.bu.edu/gdp/2019/02/21/china-latin-america-finance-database-2019/>

promoting its international status as well as power projection in the developing world. Likewise, Avendano *et al.* (2017) proposes that Latin America will continue to be a favourable destination for Chinese firms.

Although changes in Caribbean states economic relations with China may not be entirely discounted, even with the possibility of diminished Chinese financing within the region, the relationship may continue to be defined along the lines of south-south cooperation. China may seek to maintain an outreach to new and traditional partners within the Latin America Caribbean region to further political and commercial aims as evident by its foreign policy interactions with the developing world (see Taylor, 1998; Yu, 1988; Lanteigne, 2015; Kim, 2015).

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